



LUMMI ISLAND SCENIC ESTATES SCENIC ESTATES

Lummi Island, Washington

Level 3 Reserve Study Update without a Site Visit

2024 FUNDING RECOMMENDATIONS

Issued June, 2023

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Next Update: **Level 3** study by June 2024





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ABBREVIATION KEY

EA	each
BLDG	building(s)
FIXT	fixture(s)
LF	linear foot
LS	lump sum
SF	square feet
SQ	roofing square
SY	square yard
ZN	zone



EXECUTIVE SUMMARY

This Reserve Study meets the requirements of the Washington Homeowners' Association Act and the Washington Uniform Common Interest Owner Act for a Level 3 Reserve Study Update without a Site Visit, and was prepared by an independent Reserve Study Professional.

Lummi Island Scenic Estates is a 398-unit residential community located along Island Drive in Lummi Island, Washington. Construction of Lummi Island Scenic Estates was completed in about 1962. The community consists of five wood framed community buildings that include a clubhouse, cabana, office, water treatment plant and maintenance shed. The Association is also responsible for a community marina and a shared water supply system.

LUMMI ISLAND SCENIC ESTATES RESERVE FUND STATUS	
LUMMI ISLAND SCENIC ESTATES'S FISCAL YEAR	a calendar year
PROJECTED RESERVE ACCOUNT BALANCE ON DECEMBER 31, 2023	\$567,423 ¹
FULLY FUNDED BALANCE @ FISCAL YEAR-END 2023	\$2,368,606 ²
PERCENT FUNDED BALANCE @ FISCAL YEAR-END 2023	24% ³
FUNDING STATUS - RISK OF SPECIAL ASSESSMENT @ FISCAL YEAR-END	Highest Risk
2023 PLANNED OR IMPLEMENTED SPECIAL ASSESSMENT	\$171,325
COMPONENT INCLUSION THRESHOLD VALUE	\$4,658
LUMMI ISLAND SCENIC ESTATES CURRENT AND RECOMMENDED RESERVE CONTRIBUTIONS	
CURRENT BUDGETED ANNUAL CONTRIBUTION TO RESERVES	\$79,245
2024 RECOMMENDED ANNUAL CONTRIBUTION RATE	\$95,000 ⁴
2024 PLANNED SPECIAL ASSESSMENT AND/OR LOAN	\$1,906,000
2024 AVERAGE CONTRIBUTION PER UNIT PER YEAR	\$239
2024 AVERAGE CONTRIBUTION PER UNIT PER MONTH	\$20
2024 BASELINE FUNDING PLAN CONTRIBUTION RATE	\$55,600
2024 FULL FUNDING PLAN CONTRIBUTION RATE	\$123,800

¹ The actual or projected total reserve fund balance presented in the Reserve Study is based on information provided by the Association representative and was not audited by RCL.

² The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance as defined by Washington State law. The fully funded balance changes from year to year.

³ The percent fully funded acts as a measuring tool to assess an association's ability to absorb unplanned expenses. These expenses could be emergency repairs not covered by insurance, or expenses that differ from the existing Reserve Study in terms of timing or cost.

⁴ To help ensure there are appropriate funds for the anticipated expenses over the next 30 years, we have provided recommended funding plans with a constant contribution to reserves that increases annually for inflation.

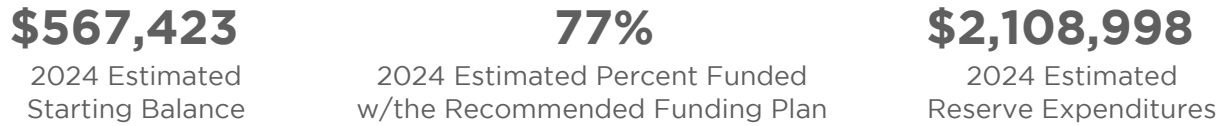


FULLY FUNDED BALANCE CALCULATION @ FISCAL YEAR END 2023

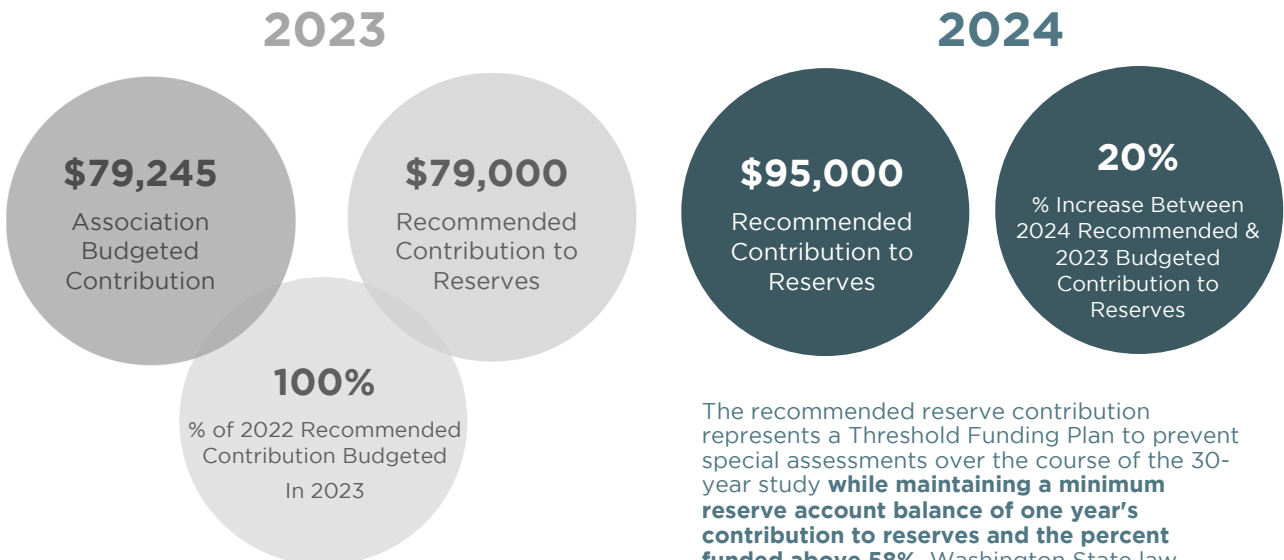


FULLY FUNDED BALANCE = THE SUM OF $\frac{\text{REPLACEMENT COST X EFFECTIVE AGE}}{\text{USEFUL LIFE}}$ FOR ALL RESERVE COMPONENTS

FINANCIAL OVERVIEW FOR 2024



RESERVE CONTRIBUTION COMPARISON 2023 VS 2024



The recommended reserve contribution represents a Threshold Funding Plan to prevent special assessments over the course of the 30-year study **while maintaining a minimum reserve account balance of one year's contribution to reserves and the percent funded above 58%**. Washington State law requires an up-to-date Reserve Study with a current recommended reserve contribution rate.



ASSOCIATION OVERVIEW

Lummi Island Scenic Estates is a 398-unit residential community located along Island Drive in Lummi Island, Washington. Construction of Lummi Island Scenic Estates was completed in about 1962. The community consists of five wood framed community buildings that include a clubhouse, cabana, office, water treatment plant and maintenance shed. The Association is also responsible for a community marina and a shared water supply system.

Common components maintained with funds from reserves include asphalt roads and parking. Common area infrastructure for plumbing systems, drainage systems and street maintenance are also maintained with funds from reserves.

Images are from file photos taken at the last site visit.





COMPONENT LIST

Each reserve component is evaluated to determine the current condition, the remaining useful life, and the estimated replacement cost. Reserve studies for homeowners' associations are required to include any reserve component that would cost more than one percent of the annual budget of the association, not including the reserve account, for major maintenance, repair, or replacement (RCW 64.38.070). While the law defines the inclusion threshold to be 1% of the operating budget, or \$4,658 (1% of \$465,789), components valued less than the legal threshold may be included to better capture reserve funding for Lummi Island Scenic Estates.

The component list is based on information provided by Lummi Island Scenic Estates. Reserve Consultants LLC does not provide legal interpretations of governing documents. It is the responsibility of Lummi Island Scenic Estates to ensure that the component list is complete and complies with their governing documents. Many factors may influence the actual costs that an association will experience. The quality of replacement materials of items can significantly impact cost, as well as the timing between replacements. The use of consultants to specify and oversee work may also cause additional expenses

COMPONENT DESCRIPTION	MAINT. CYCLE	REMAINING USEFUL LIFE	NEXT MAINT. YEAR	CURRENT REPLACEMENT COST
2.2.1 Corrugated Metal Storm Water System - Contingency	5	2	2025	\$5,730
2.6.1 Asphalt Pavement - Repair	10	12	2035	\$24,080
2.6.2 Asphalt Pavement - Major Repair	40	2	2025	\$89,140
2.6.3 Asphalt Parking Lot - Overlay	40	7	2030	\$58,230
2.7.1 Chain Link Fence - Replace	30	10	2033	\$10,860
2.9.1 Dock Replacement - Design	3	2	2025	\$8,600
2.9.2 Dock Work - Repair	15	7	2030	\$36,110
2.9.3 Dock Pilings - Replace	50	2	2025	\$138,430
2.9.4 Dock Walkway - Install/Replace	10	7	2030	\$11,460
6.1.1 Clubhouse - Repair Contingency	10	10	2033	\$36,110
6.1.2 Clubhouse Foundation - Restoration	1	0	2023	\$190,000
6.1.3 Clubhouse Deck - Repair	15	1	2024	\$80,000
6.1.4 Clubhouse Culvert - Repair	10	1	2024	\$10,000
6.1.5 Common Buildings - Repair Contingency	10	5	2028	\$24,080
7.4.1 Sloped Metal Roofs - Replace	40	7	2030	\$37,990
7.4.2 Low Sloped Roofs - Replace	20	13	2036	\$27,240
8.3.1 Garage Doors - Replace	20	15	2038	\$6,120
11.1.1 Backhoe - Replace	25	22	2045	\$96,650
11.1.2 Truck - Replace	10	1	2024	\$11,830
11.1.3 Tractor Mower - Replace	20	15	2038	\$12,030
11.1.4 Road Sweeper - Maintenance	5	4	2027	\$1,390



COMPONENT LIST Continued

COMPONENT DESCRIPTION	MAINT. CYCLE	REMAINING USEFUL LIFE	NEXT MAINT. YEAR	CURRENT REPLACEMENT COST
15.1.1 Water Meters - Replace	20	7	2030	\$77,520
15.1.2 PRV Vaults - Maintenance	5	1	2024	\$12,030
15.1.3 Holiday Lake PRV - Replace	40	35	2058	\$18,060
15.1.4 Mount Vista Drive PRV - Replace	40	38	2061	\$11,460
15.1.5 Island Drive PRV - Replace	40	40	2063	\$11,830
15.2.1 Water Towers - Circulation System	30	23	2046	\$30,750
15.2.2 Water Towers - Repair	50	2	2025	\$24,080
15.2.3 Reservoir & Dam - Maintenance	10	11	2034	\$24,080
15.2.4 Mixer Unit & Storage Tanks - Maintenance	20	14	2037	\$30,100
15.2.5 Clubhouse Water Line - Repair	10	8	2031	\$8,820
15.3.1 Holiday Lake Overflow - Refurbish	40	37	2060	\$9,390
15.4.1 Water Treatment System - Phase 1	50	49	2072	\$77,930
15.4.2 Water Treatment System - Phase 2	50	1	2024	\$406,000
15.4.3 Water Treatment System - Phase 3	50	1	2024	\$1,385,000
15.4.4 Treatment Plant - Repair	20	21	2044	\$89,210
15.5.1 Water Mains - Repair	10	9	2032	\$36,110
15.6.1 Septic Systems - Maintenance	15	5	2028	\$32,400
16.5.1 Generator - Replace	45	5	2028	\$18,590



COMPONENTS EXCLUDED FROM THIS STUDY

Components that individual unit owners are responsible to maintain, repair, and/or replace are not included in the study or funding projections. We recommend that common interest properties establish a clear definition of these components, as well as policies and processes regarding maintenance of these "owner responsibility" items.

OPERATING BUDGET

The following components may qualify for inclusion in the Reserve Study, but are excluded because the Association elects to maintain them with funds from the operating budget:

- play equipment
- reserve study updates
- swim lake dock and beach upgrades

UNIT OWNER RESPONSIBILITY

There are items that individual unit owners are responsible to maintain and pay for, including, but not limited to:

- interior finishes within residences
- damage by residents or their pets

ADJUSTMENTS TO COMPONENT RESERVE RECOMMENDATIONS

This reserve study provides updated information on the components from prior reserve studies. All cost estimates were adjusted to reflect the actual inflation rate for construction work in Washington State, and costs actually experienced by Lummi Island Scenic Estates or others in the area. To complete the report, we were provided with a record of recent expenditures on reserve components.

We use those figures, where applicable, for updating component cost projections, applying an appropriate inflation factor. Where updated figures from actual work performed are not available, cost projections from the previous reserve study are updated for inflation and rounded to the nearest \$10, using the RS Means 2022 to 2023 inflation figure of 14.61% for construction work.



SIX YEARS AT A GLANCE (2023 - 2028)

Below is a comprehensive list of reserve funded expenses that are expected to occur this fiscal year and the following five years at Lummi Island Scenic Estates.

2023 (YEAR 0) ANTICIPATED MAINTENANCE	ESTIMATED COST
6.1.2 Clubhouse Foundation - Restoration	\$190,000
15.2.3 Reservoir & Dam - Maintenance	\$20,000
Total Estimated Expenses for 2023	\$210,000
2024 (YEAR 1) ANTICIPATED MAINTENANCE	ESTIMATED COST
6.1.3 Clubhouse Deck - Repair	\$87,200
6.1.4 Clubhouse Culvert - Repair	\$10,900
11.1.2 Truck - Replace	\$12,895
15.1.2 PRV Vaults - Maintenance	\$13,113
15.2.3 Reservoir & Dam - Maintenance	\$32,700
15.4.2 Water Treatment System - Phase 2	\$442,540
15.4.3 Water Treatment System - Phase 3	\$1,509,650
Total Estimated Expenses for 2024	\$2,108,998
2025 (YEAR 2) ANTICIPATED MAINTENANCE	ESTIMATED COST
2.2.1 Corrugated Metal Storm Water System - Contingency	\$6,496
2.6.2 Asphalt Pavement - Major Repair	\$101,049
2.9.1 Dock Replacement - Design	\$9,749
2.9.3 Dock Pilings - Replace	\$156,924
15.2.2 Water Towers - Repair	\$27,297
Total Estimated Expenses for 2025	\$301,515
2026 (YEAR 3) ANTICIPATED MAINTENANCE	ESTIMATED COST
Total Estimated Expenses for 2026	\$0
2027 (YEAR 4) ANTICIPATED MAINTENANCE	ESTIMATED COST
11.1.4 Road Sweeper - Maintenance	\$1,704
Total Estimated Expenses for 2027	\$1,704
2028 (YEAR 5) ANTICIPATED MAINTENANCE	ESTIMATED COST
6.1.5 Common Buildings - Repair Contingency	\$30,706
15.6.1 Septic Systems - Maintenance	\$41,315
16.5.1 Generator - Replace	\$23,705
Total Estimated Expenses for 2028	\$95,726



PROJECTED RESERVE ACCOUNT BALANCE

FOR EACH FUNDING PLAN OVER NEXT 5 YEARS

\$95,000 RECOMMENDED (THRESHOLD) FUNDING PLAN					
YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2024)	\$95,000	\$1,906,000	\$462,262	77%	Low Risk
2 (2025)	\$98,800	\$0	\$268,570	62%	Moderate Risk
3 (2026)	\$102,752	\$0	\$379,320	67%	Moderate Risk
4 (2027)	\$106,862	\$0	\$495,276	70%	Low Risk
5 (2028)	\$111,137	\$0	\$523,261	69%	Moderate Risk

\$79,245 CURRENT FUNDING PLAN					
YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2024)	\$79,245	\$1,906,000	\$448,726	74%	Low Risk
2 (2025)	\$82,415	\$0	\$238,105	55%	Moderate Risk
3 (2026)	\$85,711	\$0	\$330,841	58%	Moderate Risk
4 (2027)	\$89,140	\$0	\$427,640	60%	Moderate Risk
5 (2028)	\$92,705	\$0	\$435,274	57%	Moderate Risk

\$55,600 BASELINE FUNDING PLAN					
YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2024)	\$55,600	\$1,906,000	\$424,963	70%	Low Risk
2 (2025)	\$57,824	\$0	\$188,850	43%	Moderate Risk
3 (2026)	\$60,137	\$0	\$254,460	45%	Moderate Risk
4 (2027)	\$62,542	\$0	\$322,420	46%	Moderate Risk
5 (2028)	\$65,044	\$0	\$299,416	39%	Moderate Risk

\$123,800 FULL FUNDING PLAN					
YEAR	ANNUAL RESERVE CONTRIBUTION	SPECIAL ASSESSMENT	YEAR END RESERVE BALANCE	PERCENT FUNDED	SPECIAL ASSESSMENT RISK LEVEL
1 (2024)	\$123,800	\$1,906,000	\$493,504	82%	Low Risk
2 (2025)	\$128,752	\$0	\$330,919	76%	Low Risk
3 (2026)	\$133,902	\$0	\$474,768	84%	Low Risk
4 (2027)	\$139,258	\$0	\$625,910	88%	Low Risk
5 (2028)	\$144,828	\$0	\$691,275	91%	Low Risk



PERCENT FUNDED

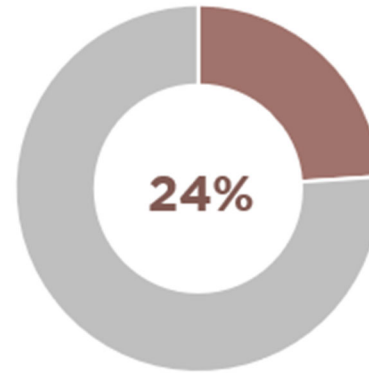
The "percent funded" is a measure of how much the Association should have saved in their reserve account compared to the projected cost for all the components the Association is responsible for and relates to the level of deterioration compared to the cost to repair or replace the component.

We typically recommend a contribution rate to meet a minimum reserve account balance (threshold) goal instead of a 100% funded rate.

We usually recommend that an association consider a threshold equal to the recommended annual reserve contribution because this is the average maintenance expense over the thirty years. However, each association must judge their unique risk tolerance.

The Fully Funded Balance for Lummi Island Scenic Estates is \$2,368,606 . The actual current funding is \$567,423 . The Association is approximately 24% funded.

This means that based on a straight-line savings for each reserve component, the Association saved 24% of the accumulated depreciation of the reserve components.



At 24% percent funded, Lummi Island Scenic Estates is considered to be at **Highest Risk for a special assessment.**

EXAMPLE OF PERCENT FUNDED FOR ROOF REPLACEMENT

SCENARIO	ANALYSIS
<p>For a deck membrane that lasts 10 years and costs \$100,000 to replace:</p> <ul style="list-style-type: none"> • Save \$10,000 each year, for 10 years • Year 2, the membrane has deteriorated 20%. <ul style="list-style-type: none"> ○ If you have \$20,000 saved it is fully funded. ○ If you have \$10,000 saved it is 50% funded. • Year 8, the membrane has deteriorated 80%. <ul style="list-style-type: none"> ○ If you have \$80,000 saved it is fully funded. ○ If you have \$20,000 saved it is 25% funded. If you have \$10,000 saved it is 13% funded. 	<ul style="list-style-type: none"> A. In effect, the percent funded is a measure of how well an association can withstand the risk of unexpected expenses. Such unexpected expenses include: emergency expenses not covered by insurance, expenses that are higher than predicted, and expenses that are required earlier than anticipated. B. A higher percent funded means more money is in the bank which lowers the risk of special assessment if something unexpected occurs. A poorly funded Association has less cash on hand, therefore much higher risk of special assessment for unplanned expenses. C. By analyzing deterioration cycles and cash flow needs, we determine how much money should be steadily contributed, over a 30 year period, to fund the repair and replacement needs of the components included in the study. Budgeting to maintain a minimum balance, or threshold, helps to ensure that a special assessment will not be required if an unexpected expense arises.



DEFICIT OR SURPLUS IN RESERVE FUNDING

RCW 64.90.550 §2(l) requires that the reserve study include the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. This is calculated by subtracting the community's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the community allocable to each unit.

The fully funded balance calculates how much money should be saved for future maintenance based on the age of each component and the cost for future maintenance. In other words, the fully funded balance assumes that money will be saved every year for the next maintenance of a component to ensure special assessments are not required to fund future maintenance. The intent of RCW 64.90.550 §2 (l) is to show each unit's "share" of the surplus or deficit in reserve funding.

If the reserve account balance is:

- **equal to** the fully funded balance, Lummi Island Scenic Estates would be considered as 100% fully funded. There would be neither a surplus nor deficit.
- **less than** the fully funded balance, there is a deficit meaning Lummi Island Scenic Estates would be thought behind on saving for future maintenance.
- **more than** the fully funded balance, there is a surplus meaning Lummi Island Scenic Estates would be deemed ahead on saving for future maintenance.

The Recommended Funding Plan is based on Threshold Funding, a reserve contribution rate that is constant (increasing annually with inflation) to provide funds for all anticipated reserve expenses for the life of the study but leaving a minimum level of reserves (the "threshold") at all times. The threshold provides a monetary cushion in the reserve account to help ensure that a special assessment is not required for the duration of the study, even in years when there are significant withdrawals from the reserve account. Primary consideration is given to cash needed to cover expenses and the threshold; the percent funded is typically targeted to be 80%.

SUMMARY

PROJECTED RESERVE ACCOUNT BALANCE AS OF DECEMBER 31, 2023	\$567,423
CURRENT FULLY FUNDED BALANCE	\$2,368,606
RESERVE FUND (DEFICIT)	(\$1,801,183)
NUMBER OF UNITS	398
AVERAGE (DEFICIT) PER UNIT	(\$4,526)

ALL UNITS PAY EQUALLY INTO RESERVES



FUNDING PLANS

THRESHOLD FUNDING PLAN \$95,000	BASELINE FUNDING PLAN \$55,600	FULL FUNDING PLAN \$123,800
Special Assessment \$1,906,000 in 2024 Contribution Accelerator Years 2 -10 : 0.0% Years 11 – 30 : 0.0% Contribution Adjustment None	Special Assessment \$1,906,000 in 2024 Contribution Accelerator Years 2 -10 - None Years 11 – 30 - None Contribution Adjustment None	Special Assessment \$1,906,000 in 2024 Contribution Accelerator Years 2 -10 - None Years 11 – 30 - None Contribution Adjustment None
RECOMMENDED	OPTIONAL STRATEGY	100% FUNDED BY YEAR 30
initial annual contribution of \$95,000	initial annual contribution of \$55,600	initial annual contribution of \$123,800
meets yearly projected reserve expenses	meets annual reserve expenses with no minimum balance requirement	most flexibility for cost variables and unplanned expenses
maintains minimum reserve balance equal to annual contribution amount	less flexibility with cost variables and unplanned expenses	lowest risk for special assessment

The Threshold Funding Plan is the **RECOMMENDED FUNDING PLAN** for Lummi Island Scenic Estates, balancing cashflow and anticipated expenses over 30 years while maintaining a minimum reserve account balance of one year’s contribution to reserves and the percent funded above 58%. Cost projection accuracy decreases into the distant future. Assumptions should be reconsidered and updated with each revision of the study.

ALTERNATIVE FUNDING STRATEGIES

In addition to an annual contribution to reserves that increases every year to keep up with inflation, a variety of funding strategies are available. These strategies are not typically employed, but are options that provide additional flexibility in developing a custom funding plan to fit the unique needs of a community.

Special assessments and/or Loans – additional lump-sum contributions to either cover the cost of anticipated expenses, or to help increase the reserve account balance.

- Planned special assessments and/or Loans: \$1,906,000 in 2024

Contribution accelerators – an additional increase to the annual reserve contribution above the applied inflation rate. Our system can accommodate up to two rates. The ranges are grouped with the same percentage increase in Years 2 - 10 and in Years 11 – 30.

- Budgeted accelerator in Years 2 -10 : 0.0%
- Budgeted accelerator in Years 11 – 30 : 0.0%

Contribution adjustments – stepped increase or decrease in the reserve contribution to provide appropriate funding over the 30-year span of the report.

- Allocated contribution adjustments: None



COMPARISON OF FULLY FUNDED BALANCE AND FUNDING PLANS

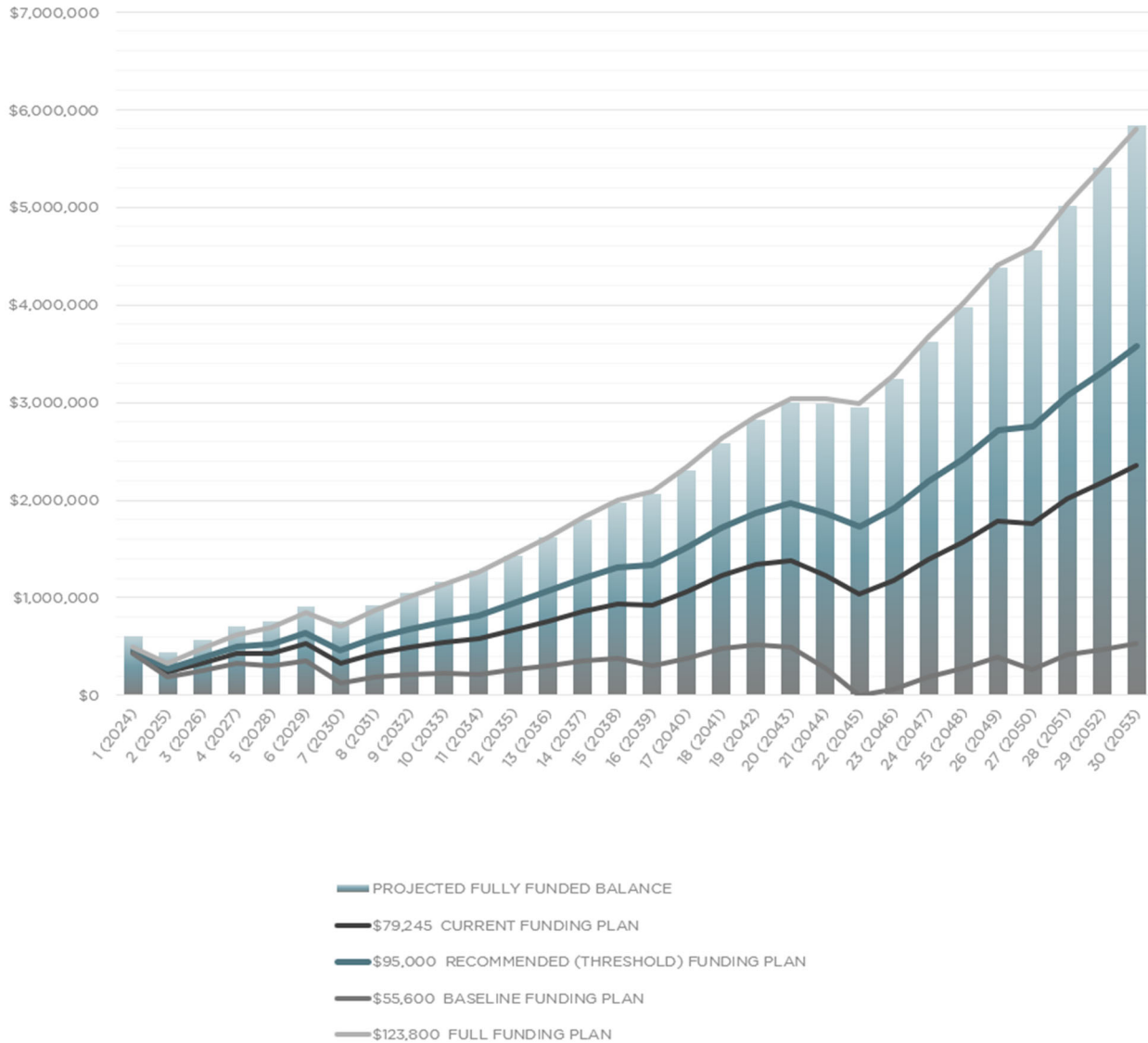
The following graph illustrates the projected Fully Funded Balance, along with the

- Current Budgeted Contribution to reserves (Current Funding Plan)
- Recommended Funding Plan (Threshold Funding Plan)
- Baseline Funding Plan
- Full Funding Plan

If any of the following special funding strategies are employed:

- **Special assessments** are calculated in all the funding plans.
- **Contribution accelerators** are only applied to the Recommended (Threshold) Funding Plan.
- **Contribution adjustments** are only applied to the Recommended (Threshold) Funding Plan.

Note: If the funding plans are similar or identical, only one line will be visible on some parts of the graph where the lines intersect.





PROJECTED RESERVE ACCOUNT BALANCES

FOR FUNDING PLANS OVER 30 YEARS

Per RCW 64.90.550 §2 (j) of the Washington Uniform Common Interest Ownership Act (WUCIOA), the projected reserve account balance for each of the funding plans over the next 30 years is provided, along with the current funding plan projections. The values in the Recommended Funding Plan include the previously mentioned recommended adjustment(s) in the annual reserve contribution, if applicable.

FISCAL YEAR END	\$95,000 RECOMMENDED (THRESHOLD) FUNDING PLAN	\$79,245 CURRENT FUNDING PLAN	\$55,600 BASELINE FUNDING PLAN	\$123,800 FULL FUNDING PLAN
1 (2024)	\$462,262	\$448,726	\$424,963	\$493,504
2 (2025)	\$268,570	\$238,105	\$188,850	\$330,919
3 (2026)	\$379,320	\$330,841	\$254,460	\$474,768
4 (2027)	\$495,276	\$427,640	\$322,420	\$625,910
5 (2028)	\$523,261	\$435,274	\$299,416	\$691,275
6 (2029)	\$637,216	\$527,621	\$359,240	\$844,908
7 (2030)	\$457,806	\$325,288	\$122,405	\$707,588
8 (2031)	\$583,018	\$426,196	\$186,736	\$877,418
9 (2032)	\$672,593	\$490,019	\$211,808	\$1,014,260
10 (2033)	\$752,532	\$542,689	\$223,448	\$1,144,245
11 (2034)	\$819,074	\$580,372	\$217,712	\$1,263,743
12 (2035)	\$936,981	\$667,754	\$259,172	\$1,437,657
13 (2036)	\$1,066,274	\$764,776	\$307,650	\$1,626,152
14 (2037)	\$1,195,223	\$859,627	\$351,210	\$1,817,652
15 (2038)	\$1,310,962	\$939,353	\$376,768	\$1,999,448
16 (2039)	\$1,334,049	\$924,421	\$304,656	\$2,092,262
17 (2040)	\$1,512,025	\$1,062,278	\$382,179	\$2,343,810
18 (2041)	\$1,718,228	\$1,226,165	\$482,429	\$2,627,608
19 (2042)	\$1,872,202	\$1,335,521	\$524,693	\$2,863,389
20 (2043)	\$1,962,363	\$1,378,656	\$497,118	\$3,039,765
21 (2044)	\$1,866,346	\$1,233,093	\$277,060	\$3,034,576
22 (2045)	\$1,723,345	\$1,037,911	\$3,422	\$2,987,230
23 (2046)	\$1,913,958	\$1,173,584	\$56,495	\$3,278,547
24 (2047)	\$2,195,101	\$1,396,900	\$192,878	\$3,665,676
25 (2048)	\$2,428,416	\$1,569,370	\$273,881	\$4,010,501
26 (2049)	\$2,710,153	\$1,787,106	\$395,408	\$4,409,526
27 (2050)	\$2,754,794	\$1,764,444	\$271,578	\$4,577,496
28 (2051)	\$3,072,941	\$2,011,837	\$412,620	\$5,025,290
29 (2052)	\$3,314,098	\$2,178,631	\$467,644	\$5,402,698
30 (2053)	\$3,572,641	\$2,359,040	\$530,615	\$5,804,397

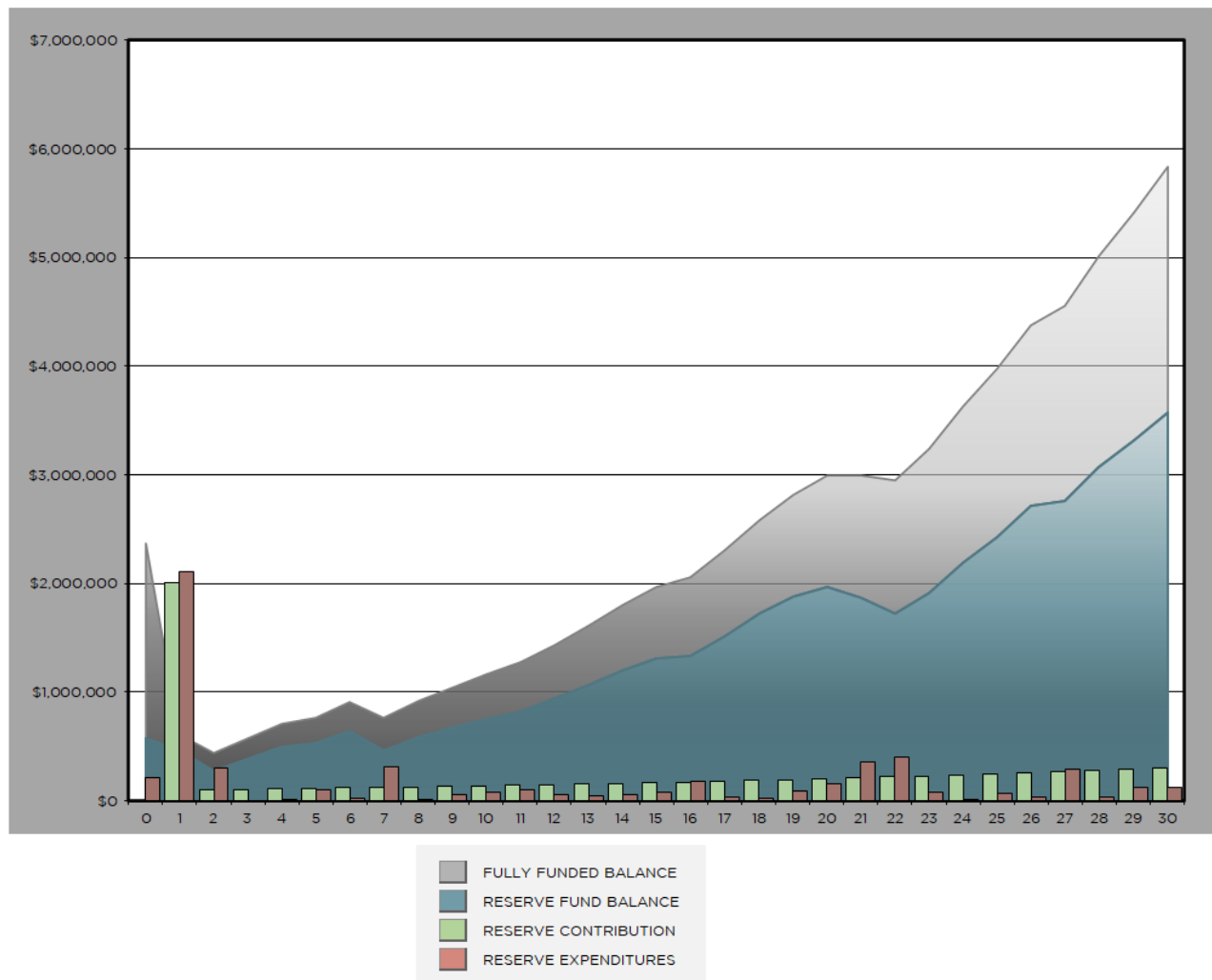


RESERVE STUDY PROJECTIONS USING INFLATED DOLLAR VALUES

The recommended contribution to reserves is primarily based on cashflow over thirty years to ensure that there will be enough funds in reserves to cover anticipated expenses without the need of a special assessment. Monitoring the Fully Funded Balance helps anticipate future financial liabilities and the community's potential risk for a special assessment. The inflated scenario includes annual increases in the reserve contribution to keep up with inflation.

- **Teal Area Graph:** The fiscal year-end running reserve fund balance is shown as a line graph in teal.
- **Grey Area Graph:** The anticipated fully funded balance is shown as a line graph in grey.
- **Mint Green Bars:** The annual reserve fund contributions are shown as mint green bars.
- **Brick Red Bars:** The anticipated yearly reserve expenditures are shown as brick red bars, depicting the anticipated expenses over the next 30 years.

RECOMMENDED FUNDING PLAN STARTING AT \$95,000





RESERVE 30 YEAR SUMMARY AT THE RECOMMENDED FUNDING PLAN STARTING AT \$95,000

INFLATION & INTEREST ASSUMPTIONS¹

	CONTRIBUTION INFLATION	COMPONENT INFLATION	INTEREST
Years 0-1	0.0%	9.0%	1.0%
Years 2-10	4.0%	4.0%	2.5%
Years 11-30	4.0%	4.0%	2.5%

SPECIAL ASSESSMENT RISK

Nominal Risk	100% +
Low Risk	70% to 99%
Moderate Risk	25% to 69%
Highest Risk	0% to 24%

FISCAL YEAR END	FISCAL YEAR BEGINNING RESERVE BALANCE	RECOMMENDED ANNUAL RESERVE CONTRIBUTION ²	AVERAGE CONTRIBUTION PER UNIT PER MONTH ³	PROJECTED RESERVE EXPENDITURES	SPECIAL ASSESSMENT & LOAN	PROJECTED INTEREST EARNED	FISCAL YEAR END RESERVE BALANCE	PROJECTED FULLY FUNDED BALANCE	PERCENT FUNDED
1 (2024)	\$567,423	\$95,000	\$20	(\$2,108,998)	\$1,906,000	\$2,837	\$462,262	\$603,896	77%
2 (2025)	\$462,262	\$98,800	\$21	(\$301,515)	\$0	\$9,023	\$268,570	\$436,671	62%
3 (2026)	\$268,570	\$102,752	\$22	(\$0)	\$0	\$7,999	\$379,320	\$568,137	67%
4 (2027)	\$379,320	\$106,862	\$22	(\$1,704)	\$0	\$10,797	\$495,276	\$707,718	70%
5 (2028)	\$495,276	\$111,137	\$23	(\$95,726)	\$0	\$12,575	\$523,261	\$763,603	69%
6 (2029)	\$523,261	\$115,582	\$24	(\$15,954)	\$0	\$14,327	\$637,216	\$906,427	70%
7 (2030)	\$637,216	\$120,205	\$25	(\$313,134)	\$0	\$13,519	\$457,806	\$762,914	60%
8 (2031)	\$457,806	\$125,014	\$26	(\$12,651)	\$0	\$12,850	\$583,018	\$919,477	63%
9 (2032)	\$583,018	\$130,014	\$27	(\$55,941)	\$0	\$15,501	\$672,593	\$1,044,561	64%
10 (2033)	\$672,593	\$135,215	\$28	(\$72,869)	\$0	\$17,594	\$752,532	\$1,163,489	65%
11 (2034)	\$752,532	\$140,623	\$29	(\$93,484)	\$0	\$19,403	\$819,074	\$1,272,560	64%
12 (2035)	\$819,074	\$146,248	\$31	(\$50,021)	\$0	\$21,680	\$936,981	\$1,435,698	65%
13 (2036)	\$936,981	\$152,098	\$32	(\$47,537)	\$0	\$24,732	\$1,066,274	\$1,614,335	66%
14 (2037)	\$1,066,274	\$158,182	\$33	(\$57,152)	\$0	\$27,920	\$1,195,223	\$1,797,253	67%
15 (2038)	\$1,195,223	\$164,509	\$34	(\$79,711)	\$0	\$30,941	\$1,310,962	\$1,971,950	66%
16 (2039)	\$1,310,962	\$171,090	\$36	(\$180,657)	\$0	\$32,654	\$1,334,049	\$2,059,987	65%
17 (2040)	\$1,334,049	\$177,933	\$37	(\$35,094)	\$0	\$35,137	\$1,512,025	\$2,304,702	66%
18 (2041)	\$1,512,025	\$185,051	\$39	(\$18,727)	\$0	\$39,880	\$1,718,228	\$2,583,470	67%
19 (2042)	\$1,718,228	\$192,453	\$40	(\$82,805)	\$0	\$44,326	\$1,872,202	\$2,817,522	66%
20 (2043)	\$1,872,202	\$200,151	\$42	(\$157,330)	\$0	\$47,340	\$1,962,363	\$2,994,951	66%
21 (2044)	\$1,962,363	\$208,157	\$44	(\$351,442)	\$0	\$47,268	\$1,866,346	\$2,994,249	62%
22 (2045)	\$1,866,346	\$216,483	\$45	(\$403,801)	\$0	\$44,317	\$1,723,345	\$2,950,397	58%
23 (2046)	\$1,723,345	\$225,142	\$47	(\$79,434)	\$0	\$44,905	\$1,913,958	\$3,238,766	59%
24 (2047)	\$1,913,958	\$234,148	\$49	(\$3,734)	\$0	\$50,729	\$2,195,101	\$3,624,360	61%
25 (2048)	\$2,195,101	\$243,514	\$51	(\$67,280)	\$0	\$57,080	\$2,428,416	\$3,972,224	61%
26 (2049)	\$2,428,416	\$253,254	\$53	(\$34,956)	\$0	\$63,439	\$2,710,153	\$4,377,132	62%
27 (2050)	\$2,710,153	\$263,385	\$55	(\$286,213)	\$0	\$67,468	\$2,754,794	\$4,558,220	60%
28 (2051)	\$2,754,794	\$273,920	\$57	(\$27,720)	\$0	\$71,947	\$3,072,941	\$5,016,732	61%
29 (2052)	\$3,072,941	\$284,877	\$60	(\$122,572)	\$0	\$78,852	\$3,314,098	\$5,410,889	61%
30 (2053)	\$3,314,098	\$296,272	\$62	(\$122,750)	\$0	\$85,021	\$3,572,641	\$5,833,276	61%

¹ The long term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed in light of the circumstances under which it was conducted. Reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.

² The Recommended Annual Reserve Contribution includes inflation and any applicable recommended adjustments.

³ The Average Contribution Per Unit Per Month reflects the Recommended Annual Reserve Contribution divided by the total number of units in the community.



PURPOSE OF A RESERVE STUDY

The purpose of a Reserve Study is to recommend a reasonable annual reserve contribution rate made by a common interest community to its reserve account. Reserve accounts are established to fund major maintenance, repair, and replacement of common elements, including limited common elements, expected within the next thirty years. A Reserve Study is intended to project availability of adequate funds for the replacement or major repair of any significant component of the property as it becomes necessary without relying on special assessments. It is a budget planning tool which identifies the current status of the reserve account and a stable and equitable Funding Plan to offset the anticipated future major shared expenditures. Each reserve component is

evaluated to determine the current condition, the remaining useful life, and the estimated replacement cost. This information is combined into a spreadsheet to determine funding requirements and establish the annual contribution rate needed to minimize the potential for special assessments. All costs and annual reserve fund balances are shown with adjustments for annual inflation and interest earned. Ideally, an even level of contributions is established that maintains a positive balance in the reserve account over the timeline the study examines. Annual updates are key to keeping up with current trends in component pricing, inflation and interest rates, actual timing of maintenance experienced and the community's risk tolerance.

A Reserve Study also calculates a theoretical "Fully Funded Balance". Fully Funded Balance is the sum total of the reserve components' depreciated value using a straight-line depreciation method.

To calculate each component's depreciated value:

$$\text{Depreciated Value} = \text{Current Replacement Cost} \times \frac{\text{Effective Age}}{\text{Expected Useful Life}}$$

By comparing the actual current reserve fund balance, to the theoretical Fully Funded Balance a Percent Fully Funded is derived.

OUR APPROACH TO A RESERVE STUDY

Reserve Consultants LLC employs a "Reasonable Approach" when evaluating reserve components to draft a study that is of greatest value to our clients. This means we attempt to predict, based on the costs involved and the client's objectives, what a reasonable person will decide to have done when maintenance, repairs, or replacement become necessary. For example, a reasonable person will not replace a fence when it only

needs to be repainted. The benefit of this is that reserve contributions are minimized to allow for what is most likely to occur. Our studies are not based on a worst-case scenario, but rather on what we expect is most likely to occur. Our approach assumes minor repairs will be completed as they occur before they become major problems.



LEVELS OF RESERVE STUDIES

Level 1: The first level, an initial Reserve Study, must be based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a full Level 1 Reserve Study with a site visit.

Level 2: Thereafter at least every three years, an updated Reserve Study must be prepared, which again is based upon a visual site inspection conducted by a Reserve Study Professional. This is also known as a Level 2 update with a site visit.

Level 3: As noted earlier, the Association is required to update its Reserve Study every year. However, in two of the three years, the annual updates do not require a site visit. This is also known as a Level 3 update without a site visit.

Level 4: The Community Associations Institute defines a Level 4 reserve study for communities under construction as a Preliminary, Community Not Yet Constructed reserve study.

This study
is a Level 3
Reserve Study
Update without a
Site Visit

The next required update
for Lummi Island Scenic
Estates is a **Level 3 study**
by June, 2024.

SOURCES USED IN COMPILING THIS REPORT

Reserve Consultants LLC has provided reserve studies and construction services since 1992 and base component repair and replacement costs on this extensive experience and information provided by the Association. Sources used include:

- Review of previous reserve study report(s)
- Input provided by association representatives;
- Review of a list of components the community is responsible for;
- Generally accepted construction, maintenance, and repair guidelines

The current replacement cost is an estimate and actual costs may vary. Material selection, timing of the work, and requirements for Architectural services or construction management can impact cost projections. Expenses related to common interest communities are typically higher than other multi-family construction types, often due to the elevated insurance requirements contractors must carry. All estimates assume that a licensed and bonded contractor will be utilized to complete the work due to liability issues. Regional cost factors are applied as appropriate.



GOVERNMENT REQUIREMENTS FOR A RESERVE STUDY

The Washington State government requires that the following disclosure be included in every Reserve Study (RCW 64.34.382§3 & RCW 64.38.070§3):

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."

The requirements of RCW 64.34 (Condo Act) and RCW 64.38 (Homeowners' Association Act) can be found on the Washington State Legislature's website. Effective July 1, 2018, the Washington Uniform Common Interest Ownership Act (WUCIOA) has impacted all common interest communities. Our reserve studies also comply with WUCIOA. WUCIOA requires the following disclosure in every Reserve Study (RCW 64.90.550 § 3):

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."

We understand that common interest properties are to follow the budget ratification process outlined in RCW 64.90.525. Specifically,

"Within thirty days after adoption of any proposed budget for the common interest community, the board must provide a copy of the budget to all the unit owners and set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more than fifty days after providing the budget. Unless at that meeting the unit owners of units to which a majority of the votes in the association are allocated or any larger percentage specified in the declaration reject the budget, the budget and the assessments against the units included in the budget are ratified, whether or not a quorum is present."

RCW 64.90.525 §2 states that the copy of the budget must include:

- (d) the current amount of regular assessments budgeted for contribution to the reserve account;
- (e) A statement of whether the association has a reserve study that meets the requirements of RCW 64.90.550 of this act and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and
- (f) The current deficiency or surplus in reserve funding expressed on a per unit basis.

Reserve Consultants will prepare a Reserve Disclosure that covers the requirements of RCW 64.90.525 §2 (d) - (f) **if requested within one year of when the draft report of the Reserve Study was issued.** Once Lummi Island Scenic Estates has **provided the required information in RCL's format**, the Reserve Disclosure will be compiled at no additional charge for inclusion with the budget ratification package.



LIMITATIONS AND ASSUMPTIONS OF A RESERVE STUDY

This Reserve Study is not a report on the condition of the assets maintained by Lummi Island Scenic Estates, or a detailed report of necessary maintenance to the assets. It is also not an investigation into or comment on the quality of construction of the reserve components, or whether the construction complies with the building code or the requirements of Washington State requirements common interest properties, including the Washington Uniform Common Interest Ownership Act (WUCIOA).

The component list is based on information provided by Lummi Island Scenic Estates. Reserve Consultants LLC does not provide legal interpretations of governing documents or auditing services on account information provided.

The observations made by Reserve Consultants LLC are limited to a visual inspection of a sample of the reserve components. Unless informed otherwise, our assumption is that the components are constructed in substantial compliance with the building code and to industry standards, and that it will receive ordinary and reasonable maintenance and repair by Lummi Island Scenic Estates. These assumptions include that most reserve components will achieve their normal useful lives for similar components in the Pacific Northwest, and that they will be replaced when necessary to prevent damage to other reserve components.

This Reserve Study assumes that the assets will be maintained to keep a good level of appearance, with a special emphasis on retaining the original appearance of the assets to the greatest possible extent. The analysis also assumes that Lummi Island Scenic Estates will replace materials as they are required with good quality materials, installed by qualified, licensed, contractors. We further assume that the assets will experience the full typical useful life for the new materials installed.

The long-term nature of this study requires that certain assumptions and predictions be made about future events. Since there can be no guarantee that these future events will occur as assumed, this analysis must be viewed considering the circumstances under which it was conducted. A reasonable effort has been made to ensure that the conclusions of this report are based on reliable information and sound reasoning.

This report should be updated annually with actual repair costs, reserve fund balances, etc. Every three years it should be updated with a site inspection and professional review. Regular updating will allow changes based on actual occurrences and adjustments for the cost of repairs to be incorporated into the annual reserve contributions. This will allow any savings or additional costs to be properly allocated among unit owners.



INFLATION AND INTEREST RATE PROJECTIONS

When making estimates on the future inflation and interest rates, we use a staggered approach to more accurately reflect future economic projections.

For inflation, we use the construction industry inflation rates published by RS Means, which differ from the consumer inflation index. The average annual construction inflation increase since 1993 is 4.11%. We do not apply inflation to the recommended reserve contribution in Year 1 since this is the first year at the recommended contribution rate. Inflation applied to the components on the inflated spreadsheet is compounded annually; the values are listed for each year at the bottom of the inflated spreadsheet.

For interest rates, we analyze the historical data provided by the Board of Governors of the Federal Reserve. The average annual interest rate since 1993 is 2.44%. The interest for common interest properties is typically lower than average due to conservative investing options that are usually employed by common interest properties.

CONTRIBUTION & EXPENSE INFLATION AND INTEREST PROJECTIONS

YEARS APPLIED	CONTRIBUTION ACCELERATOR	RESERVE CONTRIBUTION INFLATION	RESERVE EXPENSE INFLATION	INTEREST RATE
Year 0 (2023)	0%	0%	0%	1.0%
Year 1 (2024)	0%	9.0%	9.0%	1.0%
Year 2 (2025) through Year 10 (2033)	0%	4.0%	4.0%	2.5%
Year 11 (2034) through Year 30 (2052)	0%	4.0%	4.0%	2.5%

A contribution accelerator applies an additional annual increase to the reserve contribution above the inflation rate assumption to help increase the reserve fund balance without the need for a special assessment. This is not a strategy that is typically employed.



DISCLOSURES

1. Reserve Consultants LLC also provides construction inspection services for common interest properties and does design and construction oversight for major repair projects, including roofing, decks and building envelope replacement.
2. No shareholder or employee of Reserve Consultants LLC has any interest in, or obligation to, any construction company, management company, or development entity that creates common interest properties; nor is there any involvement with Lummi Island Scenic Estates which could result in a conflict of interest.
3. Reserve Consultants LLC has been a member of the Community Associations Institute since about 1993, and has worked with a variety of management companies, common interest properties, and other types of clients in Washington State.
4. This report and analysis are based upon observations of the visible and apparent condition of the building and its major components on the date of the inspection. Although care has been taken in the performance of this inspection, Reserve Consultants LLC (and/or its representatives) make no representations regarding latent or concealed defects which may exist, and no warranty or guarantee is expressed or implied. This report is made only in the best exercise of our ability and judgment. Conclusions in this report are based on estimates of the age and normal working life of various items of equipment and appliances. Predictions of life expectancy and the balance of useful life are necessarily based on industry and/or statistical comparisons. It is essential to understand that actual conditions can alter the useful life of any item. The previous use or misuse, irregularity of servicing, faulty manufacture, unfavorable conditions, acts of God, and unforeseen circumstances make it impossible to state precisely when each item would require replacement. The client herein should be aware that certain components within the above referenced property may function consistent with their purpose at the time of inspection, but due to their nature, are subject to deterioration without notice.
5. Unless otherwise noted, all reserve components are assumed to meet the building code requirements in force at the time of construction. Any on-site inspection should not be considered a project audit or quality inspection.
6. Conclusions reached in this report assume responsible ownership and competent management of the property. Information provided by others is believed to be reliable. Information provided by others was not audited; we assume no responsibility for accuracy thereof.
7. The reserve study reflects information provided to the consultant and assembled for Lummi Island Scenic Estates's use, not for the purpose of performing an audit, quality/forensic analyses or background checks of historical record.



GLOSSARY OF TERMS

Allocated Interests - the following interests allocated to each unit: (a) In a condominium, the undivided interest in the common elements, the common expense liability, and votes in the association; (b) In a cooperative, the common expense liability, the ownership interest, and votes in the association; and (c) In a plat community and miscellaneous community, the common expense liability and the votes in the association, and also the undivided interest in the common elements if owned in common by the unit owners rather than an association. RCW 64.90.010 §2.

Assessment - all sums chargeable by the association against a unit, including any assessments levied pursuant to RCW 64.90.480, fines or fees levied or imposed by the association pursuant to this chapter or the governing documents, interest and late charges on any delinquent account, and all costs of collection incurred by the association in connection with the collection of a delinquent owner's account, including reasonable attorneys' fees. RCW 64.90.010 §3.

Association or Unit Owners Association - the unit owners association organized under RCW 64.90.400 of WUCIOA and, to the extent necessary to construe sections of this chapter made applicable to common interest communities pursuant to RCW 64.90.080, 64.90.090, or 64.90.095 of WUCIOA, the association organized or created to administer such common interest communities. RCW §64.90.010 §4.

Baseline Funding Plan - A reserve contribution rate that is constant, increasing with inflation, to provide funds for all anticipated reserve expenses so that no special assessments are required for 30 years, but with no excess funds some years.

Board - the body, regardless of name, designated in the declaration, map, or organizational documents, with primary authority to manage the affairs of the association. RCW §64.90.010 §6.

Building Codes - Nationally recognized standards used to gauge the acceptability of a particular material or building procedure. Typically, if something is built to "code," it is acceptable to all concerned. Some often used codes are International Building Code (IBC) (applicable to most multifamily housing), International Residential Code (IRC) (applicable to one and two family structures), Washington Energy Code, National Electric Code (NEC), Uniform Plumbing Code (UPC), and the National Fire Protection Association Standards (NFPA).

These are usually amended slightly by each city or county.

Building Component - see "Reserve Component".

Component Number - A number assigned to each building component that allows grouping of like components. The numbers are based roughly on the Construction Specification Institute system.

Common Elements - (a) In a condominium or cooperative, all portions of the common interest community other than the units; (b) In a plat community or miscellaneous community, any real estate other than a unit within a plat community or miscellaneous community that is owned or leased either by the association or in common by the unit owners rather than an association; and (c) In all common interest communities, any other interests in real estate for the benefit of any unit owners that are subject to the declaration. RCW §64.90.010 §7.

Common Expense - any expense of the association, including allocations to reserves, allocated to all of the unit owners in accordance with common expense liability. RCW §64.90.010 §8.

Common Expense Liability - the liability for common expenses allocated to each unit pursuant to RCW 64.90.235. RCW §64.90.010 §9.

Common Interest Community - real estate described in a declaration with respect to which a person, by virtue of the person's ownership of a unit, is obligated to pay for a share of real estate taxes, insurance premiums, maintenance, or improvement of, or services or other expenses related to, common elements, other units, or other real estate described in the declaration. "Common interest community" does not include an arrangement described in RCW 64.90.110 or RCW 64.90.115. A common interest community may be a part of another common interest community. RCW §64.90.010 §10.

Contribution Rate - the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need for a special assessment. RCW 64.34.020 (10), RCW 64.38.010 (6)

Constant Dollars - costs and contributions are provided in today's dollars, no matter how far in the future they occur. Inflation and interest are not factored in.



Effective Age - the difference between the useful life and the remaining useful life. RCW 64.34.020 §19, RCW 64.38.010 §7 & RCW §64.90.010 §21.

Full Funding Plan - a reserve funding goal of achieving one hundred percent fully funded reserves by the end of the thirty-year study period described under RCW 64.90.550 of WUCIOA, in which the reserve account balance equals the sum of the estimated costs required to maintain, repair, or replace the deteriorated portions of all reserve components. RCW §64.90.010 §25.

Fully Funded Balance - the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance. RCW 64.34.020 §22, RCW 64.38.010 §10 & RCW §64.90.010 §26.

Inflated Dollars - as opposed to constant dollars, inflated dollars recognize that costs in the future will probably be higher than today because each dollar will buy fewer goods and services. A rate of inflation must be assumed and applied to all future costs. Also referred to as future cost.

Inflation Multiplier - 100% plus the assumed rate of inflation. Thus, for an assumed yearly inflation rate of 5%, the "multiplier" would be 105% or 1.05 if expressed as a decimal number rather than as a percentage. Each successive year the previous year's "multiplier" is multiplied by this number to arrive at the next year's "multiplier."

Interest Rate Multiplier - The assumed rate of interest earned on the average annual reserve bank account balance. Thus, 4% interest would be 0.04 expressed as a decimal number. A rate of interest earned must be assumed for all future years. Typically this is lower than the rate of inflation.

Limited Common Element - a portion of the common elements allocated by the declaration or by operation of RCW 64.90.210 §1(b) or §2 for the exclusive use of one or more, but fewer than all, of the unit owners. RCW §64.90.010 §30.

Unit owners may be responsible for the cost to repair and maintain limited common elements, so those costs may not appear in a Reserve Study.

Maintenance Cycle - the frequency of maintenance on a component to reach or extend its Useful Life. Often shorter than the full "Useful Life" for repairs that occur in lieu of complete replacement.

Next Repair - the next time the "Repair Cycle" starts with work on a component.

Nominal Reserve Costs - the current estimated total replacement costs of the reserve components are less than fifty percent of the annual budgeted expense of the association, excluding contributions to the reserve funds, for a condominium or cooperative containing horizontal unit boundaries and less than seventy five percent of the annual budgeted expenses of the association, excluding contributions to the reserve fund for all other common interest communities. RCW §64.90.010 §34.

Percent Fully Funded - The percentage of the "Fully Funded Balance" which the current condominium Reserve Account actually has in it.

RCW - the Revised Code of Washington.

RCW 64.34 is the Washington Condominium Act, the statute that governs 'New Act' common interest properties formed between July 1, 1990 and June 30, 2018.

RCW 64.38 is the Washington Homeowners' Act, the statute that governs homeowners' common interest properties formed prior to June 30, 2018.

RCW 64.90 is the Washington Uniform Common Interest Ownership Act (WUCIOA) and governs common interest properties formed after July 1, 2018 and requires all common interest properties in Washington State to comply with RCW 64.90.525.

Remaining useful life - the estimated time, in years, that a reserve component can be expected to continue to serve its intended function. RCW 64.34.020 §31, RCW 64.38.010 §15. Or the estimated time before a reserve component will require major maintenance, repair or replacement to perform its intended function. RCW §64.90.010 §44.

Replacement Cost - the current cost of replacing, repairing, or restoring a reserve component to its original functional condition. RCW 64.34.020 §32, RCW 64.38.010 §16.

Or the estimated total cost to maintain, repair, or replace a reserve component to its original functional condition. RCW §64.90.010 §45.

Reserve Account - Money set aside for future repair and replacement projects. For common interest properties, the RCW requires a separate Reserve Account to be maintained to hold reserves to fund repair or replacement of Reserve Components.



Reserve Component - common elements whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget. RCW 64.34.020 §34, RCW 64.38.010 §18

Or a physical component of the common interest community which the association is obligated to maintain, repair, or replace, which has an estimated useful life of less than thirty years, and for which the cost of such maintenance, repair or replacement is infrequent, significant, and impractical to include in an annual budget. RCW §64.90.010 §46.

Reserve Contribution Rate - The amount of money saved to fund replacement costs for maintenance and repairs of common elements. See "Contribution Rate". Current contributions and Recommended contributions may be different.

Reserve Specialist - A designation for those professionals who have met the standards established by Community Associations Institute (www.caionline.org) for Reserve Study providers.

Reserve Study - A physical assessment of a building and a subsequent report which estimates the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget, which will need to be repaired or replaced over the next 30 years. It provides estimates of these replacement costs and details of expected annual expenditure. It is used to calculate the Reserve Contribution Rate required to maintain a facility in good condition both functionally and cosmetically. The Washington Condominium Act sets out requirements for annual reserve studies.

Reserve Study Professional - means an independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.34.020 §35, RCW 64.38.010 §17, RCW 64.90.545 and RCW 64.90.550. For the purposes of WUCIOA, "independent" means a person who is not an employee, officer, or director, and has no pecuniary interest in the declarant, association, or any other party for whom the reserve study is prepared. RCW §64.90.010 §47.

Roofing Square - A roofing industry term meaning 100 square feet.

Special Assessment - A levy against all unit owners that is necessary when a needed repair/replacement/upgrade has not been planned for, and for which insufficient money has been saved.

Threshold Funding (contribution rate) - A Reserve Contribution Rate that is constant, increasing with inflation, to provide funds for all anticipated Reserve Expenses for the life of the study, but leaving a minimum level of Reserves (the "threshold") at all times. Our default minimum threshold is one year's contribution.

Typ. - Abbreviation for 'typical'; used on photographs and in text to refer to a problem that is shown or described once but applies to many locations.

Typical Life - An average expected life for an average building component. As in any statistical average, there is a range of years over which each individual item might fall. This is the same as "Useful life".

Useful life - means the estimated time, in years, that a reserve component can be expected to serve its intended function. RCW 64.34.020 §40 & RCW 64.38.010 §20 or the estimated time during which a reserve component is expected to perform its intended function without major maintenance, repair or replacement. RCW §64.90.010 §59.

Year End Reserve Balance or Reserve Fund Balance - What is projected to be left in the reserve account after the expected yearly expenses and contributions are added to the prior year's carryover balance. Assumes that the reserve contributions and expenses occur as predicted.

Yearly Expenses - The total labor and material costs associated with all the repairs/maintenance that are scheduled in that particular year.

30 Year Spreadsheet - A summary listing each building component and its yearly cost to maintain/repair over the next 30 years. It also lists the annual reserve fund balance, reserve contributions, reserve expenses and bank interest earned on the calculated reserve fund balance.



EVALUATORS' CREDENTIALS

Mahria Sooter

Principal

Reserve Consultants LLC

B.A. Springfield College, MA

Reserve Specialist, #380

Mahria joined Reserve Consultants in 2016. Mahria holds a Bachelor of Arts degree from Springfield College, MA. In 2019, the Condominium Associations Institute recognized Mahria as a 'Reserve Specialist.' She has over 20 years of experience with marketing and various aspects of integrated communication in the construction industry. In 2018, Mahria received a certificate of completion from the King County Dispute Resolution Center for Basic Mediation Training providing her the skills to assist Associations with identifying and effectively communicating interests and goals. Mahria's attention to detail lends well to providing clear and concise recommendations that clients can utilize to make informed decisions.



LUMMI ISLAND SCENIC ESTATES

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF \$95,000
AND COMPOUND INFLATION

7-Jun-23

STARTING RESERVE BALANCE	\$567,423	\$462,262	\$268,570	\$379,320	\$495,276
ANNUAL RESERVE CONTRIBUTION	\$95,000	\$98,800	\$102,752	\$106,862	\$111,137
ESTIMATED INTEREST EARNED	\$2,837	\$9,023	\$7,999	\$10,797	\$12,575
SPECIAL ASSESSMENT & LOAN	\$1,906,000	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS	\$2,571,260	\$570,085	\$379,320	\$496,980	\$618,987

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	1 2024	2 2025	3 2026	4 2027	5 2028
2.2.1	Corrugated Metal Storm Water System - Contingency	5	2		\$6,496			
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2		\$101,049			
2.6.3	Asphalt Parking Lot - Overlay	40	7					
2.7.1	Chain Link Fence - Replace	30	10					
2.9.1	Dock Replacement - Design	3	2		\$9,749			
2.9.2	Dock Work - Repair	15	7					
2.9.3	Dock Pilings - Replace	50	2		\$156,924			
2.9.4	Dock Walkway - Install/Replace	10	7					
6.1.1	Clubhouse - Repair Contingency	10	10					
6.1.2	Clubhouse Foundation - Restoration	1	0					
6.1.3	Clubhouse Deck - Repair	15	1	\$87,200				
6.1.4	Clubhouse Culvert - Repair	10	1	\$10,900				
6.1.5	Common Buildings - Repair Contingency	10	5					\$30,706
7.4.1	Sloped Metal Roofs - Replace	40	7					
7.4.2	Low Sloped Roofs - Replace	20	13					
8.3.1	Garage Doors - Replace	20	15					
11.1.1	Backhoe - Replace	25	22					
11.1.2	Truck - Replace	10	1	\$12,895				
11.1.3	Tractor Mower - Replace	20	15					
11.1.4	Road Sweeper - Maintenance	5	4				\$1,704	
15.1.1	Water Meters - Replace	20	7					
15.1.2	PRV Vaults - Maintenance	5	1	\$13,113				
15.1.3	Holiday Lake PRV - Replace	40	35					
15.1.4	Mount Vista Drive PRV - Replace	40	38					
15.1.5	Island Drive PRV - Replace	40	40					
15.2.1	Water Towers - Circulation System	30	23					
15.2.2	Water Towers - Repair	50	2		\$27,297			
15.2.3	Reservoir & Dam - Maintenance	10	11	\$32,700				
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	14					
15.2.5	Clubhouse Water Line - Repair	10	8					
15.3.1	Holiday Lake Overflow - Refurbish	40	37					
15.4.1	Water Treatment System - Phase 1	50	49					
15.4.2	Water Treatment System - Phase 2	50	1	\$442,540				
15.4.3	Water Treatment System - Phase 3	50	1	\$1,509,650				
15.4.4	Treatment Plant - Repair	20	21					
15.5.1	Water Mains - Repair	10	9					
15.6.1	Septic Systems - Maintenance	15	5					\$41,315
16.5.1	Generator - Replace	45	5					\$23,705
TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES				\$2,108,998	\$301,515	\$0	\$1,704	\$95,726
ACCUMULATED CREDITS				\$2,571,260	\$570,085	\$379,320	\$496,980	\$618,987
ACCUMULATED DEBITS				\$2,108,998	\$301,515	\$0	\$1,704	\$95,726
YEAR-END BALANCE				\$462,262	\$268,570	\$379,320	\$496,980	\$523,261

YEARS	1	2-10	11-30	1 (2024)	2 (2025)	3 (2026)	4 (2027)	5 (2028)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	0.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	109%	113%	118%	123%	128%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	1.0%	2.5%	2.5%	2.5%	2.5%

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LUMMI ISLAND SCENIC ESTATES

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF \$95,000
AND COMPOUND INFLATION

7-Jun-23

STARTING RESERVE BALANCE	\$523,261	\$637,216	\$457,806	\$583,018	\$672,593
ANNUAL RESERVE CONTRIBUTION	\$115,582	\$120,205	\$125,014	\$130,014	\$135,215
ESTIMATED INTEREST EARNED	\$14,327	\$13,519	\$12,850	\$15,501	\$17,594
SPECIAL ASSESSMENT & LOAN	\$0	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS	\$653,170	\$770,940	\$595,669	\$728,534	\$825,401

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	6 2029	7 2030	8 2031	9 2032	10 2033
2.2.1	Corrugated Metal Storm Water System - Contingency	5	2		\$7,903			
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	7		\$80,311			
2.7.1	Chain Link Fence - Replace	30	10					\$16,848
2.9.1	Dock Replacement - Design	3	2					
2.9.2	Dock Work - Repair	15	7		\$49,803			
2.9.3	Dock Pilings - Replace	50	2					
2.9.4	Dock Walkway - Install/Replace	10	7		\$15,806			
6.1.1	Clubhouse - Repair Contingency	10	10					\$56,021
6.1.2	Clubhouse Foundation - Restoration	1	0					
6.1.3	Clubhouse Deck - Repair	15	1					
6.1.4	Clubhouse Culvert - Repair	10	1					
6.1.5	Common Buildings - Repair Contingency	10	5					
7.4.1	Sloped Metal Roofs - Replace	40	7		\$52,396			
7.4.2	Low Sloped Roofs - Replace	20	13					
8.3.1	Garage Doors - Replace	20	15					
11.1.1	Backhoe - Replace	25	22					
11.1.2	Truck - Replace	10	1					
11.1.3	Tractor Mower - Replace	20	15					
11.1.4	Road Sweeper - Maintenance	5	4				\$2,074	
15.1.1	Water Meters - Replace	20	7		\$106,915			
15.1.2	PRV Vaults - Maintenance	5	1	\$15,954				
15.1.3	Holiday Lake PRV - Replace	40	35					
15.1.4	Mount Vista Drive PRV - Replace	40	38					
15.1.5	Island Drive PRV - Replace	40	40					
15.2.1	Water Towers - Circulation System	30	23					
15.2.2	Water Towers - Repair	50	2					
15.2.3	Reservoir & Dam - Maintenance	10	11					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	14					
15.2.5	Clubhouse Water Line - Repair	10	8			\$12,651		
15.3.1	Holiday Lake Overflow - Refurbish	40	37					
15.4.1	Water Treatment System - Phase 1	50	49					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	1					
15.4.4	Treatment Plant - Repair	20	21					
15.5.1	Water Mains - Repair	10	9				\$53,867	
15.6.1	Septic Systems - Maintenance	15	5					
16.5.1	Generator - Replace	45	5					

TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES

\$15,954 \$313,134 \$12,651 \$55,941 \$72,869

ACCUMULATED CREDITS

\$653,170 \$770,940 \$595,669 \$728,534 \$825,401

ACCUMULATED DEBITS

\$15,954 \$313,134 \$12,651 \$55,941 \$72,869

YEAR-END BALANCE

\$637,216 \$457,806 \$583,018 \$672,593 \$752,532

YEARS	1	2-10	11-30	6 (2029)	7 (2030)	8 (2031)	9 (2032)	10 (2033)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	133%	138%	143%	149%	155%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

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LUMMI ISLAND SCENIC ESTATES

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF \$95,000
AND COMPOUND INFLATION

7-Jun-23

STARTING RESERVE BALANCE	\$752,532	\$819,074	\$936,981	\$1,066,274	\$1,195,223
ANNUAL RESERVE CONTRIBUTION	\$140,623	\$146,248	\$152,098	\$158,182	\$164,509
ESTIMATED INTEREST EARNED	\$19,403	\$21,680	\$24,732	\$27,920	\$30,941
SPECIAL ASSESSMENT & LOAN	\$0	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS	\$912,558	\$987,002	\$1,113,811	\$1,252,375	\$1,390,673

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	11 2034	12 2035	13 2036	14 2037	15 2038
2.2.1	Corrugated Metal Storm Water System - Contingency	5	2		\$9,615			
2.6.1	Asphalt Pavement - Repair	10	12		\$40,406			
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	7					
2.7.1	Chain Link Fence - Replace	30	10					
2.9.1	Dock Replacement - Design	3	2					
2.9.2	Dock Work - Repair	15	7					
2.9.3	Dock Pilings - Replace	50	2					
2.9.4	Dock Walkway - Install/Replace	10	7					
6.1.1	Clubhouse - Repair Contingency	10	10					
6.1.2	Clubhouse Foundation - Restoration	1	0					
6.1.3	Clubhouse Deck - Repair	15	1					
6.1.4	Clubhouse Culvert - Repair	10	1	\$16,135				
6.1.5	Common Buildings - Repair Contingency	10	5					\$45,452
7.4.1	Sloped Metal Roofs - Replace	40	7					
7.4.2	Low Sloped Roofs - Replace	20	13			\$47,537		
8.3.1	Garage Doors - Replace	20	15					\$11,552
11.1.1	Backhoe - Replace	25	22					
11.1.2	Truck - Replace	10	1	\$19,087				
11.1.3	Tractor Mower - Replace	20	15					\$22,707
11.1.4	Road Sweeper - Maintenance	5	4				\$2,523	
15.1.1	Water Meters - Replace	20	7					
15.1.2	PRV Vaults - Maintenance	5	1	\$19,410				
15.1.3	Holiday Lake PRV - Replace	40	35					
15.1.4	Mount Vista Drive PRV - Replace	40	38					
15.1.5	Island Drive PRV - Replace	40	40					
15.2.1	Water Towers - Circulation System	30	23					
15.2.2	Water Towers - Repair	50	2					
15.2.3	Reservoir & Dam - Maintenance	10	11	\$38,852				
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	14				\$54,629	
15.2.5	Clubhouse Water Line - Repair	10	8					
15.3.1	Holiday Lake Overflow - Refurbish	40	37					
15.4.1	Water Treatment System - Phase 1	50	49					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	1					
15.4.4	Treatment Plant - Repair	20	21					
15.5.1	Water Mains - Repair	10	9					
15.6.1	Septic Systems - Maintenance	15	5					
16.5.1	Generator - Replace	45	5					

TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES	\$93,484	\$50,021	\$47,537	\$57,152	\$79,711
ACCUMULATED CREDITS	\$912,558	\$987,002	\$1,113,811	\$1,252,375	\$1,390,673
ACCUMULATED DEBITS	\$93,484	\$50,021	\$47,537	\$57,152	\$79,711
YEAR-END BALANCE	\$819,074	\$936,981	\$1,066,274	\$1,195,223	\$1,310,962

YEARS	1	2-10	11-30	11 (2034)	12 (2035)	13 (2036)	14 (2037)	15 (2038)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	161%	168%	175%	181%	189%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

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RCL APPENDIX A

LUMMI ISLAND SCENIC ESTATES

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF \$95,000
AND COMPOUND INFLATION

7-Jun-23

STARTING RESERVE BALANCE	\$1,310,962	\$1,334,049	\$1,512,025	\$1,718,228	\$1,872,202
ANNUAL RESERVE CONTRIBUTION	\$171,090	\$177,933	\$185,051	\$192,453	\$200,151
ESTIMATED INTEREST EARNED	\$32,654	\$35,137	\$39,880	\$44,326	\$47,340
SPECIAL ASSESSMENT & LOAN	\$0	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS	\$1,514,706	\$1,547,119	\$1,736,955	\$1,955,007	\$2,119,693

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	16	17	18	19	20
				2039	2040	2041	2042	2043
2.2.1	Corrugated Metal Storm Water System - Contingency	5	2		\$11,698			
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	7					
2.7.1	Chain Link Fence - Replace	30	10					
2.9.1	Dock Replacement - Design	3	2					
2.9.2	Dock Work - Repair	15	7					
2.9.3	Dock Pilings - Replace	50	2					
2.9.4	Dock Walkway - Install/Replace	10	7		\$23,396			
6.1.1	Clubhouse - Repair Contingency	10	10					\$82,925
6.1.2	Clubhouse Foundation - Restoration	1	0					
6.1.3	Clubhouse Deck - Repair	15	1	\$157,042				
6.1.4	Clubhouse Culvert - Repair	10	1					
6.1.5	Common Buildings - Repair Contingency	10	5					
7.4.1	Sloped Metal Roofs - Replace	40	7					
7.4.2	Low Sloped Roofs - Replace	20	13					
8.3.1	Garage Doors - Replace	20	15					
11.1.1	Backhoe - Replace	25	22					
11.1.2	Truck - Replace	10	1					
11.1.3	Tractor Mower - Replace	20	15					
11.1.4	Road Sweeper - Maintenance	5	4				\$3,069	
15.1.1	Water Meters - Replace	20	7					
15.1.2	PRV Vaults - Maintenance	5	1	\$23,615				
15.1.3	Holiday Lake PRV - Replace	40	35					
15.1.4	Mount Vista Drive PRV - Replace	40	38					
15.1.5	Island Drive PRV - Replace	40	40					
15.2.1	Water Towers - Circulation System	30	23					
15.2.2	Water Towers - Repair	50	2					
15.2.3	Reservoir & Dam - Maintenance	10	11					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	14					
15.2.5	Clubhouse Water Line - Repair	10	8			\$18,727		
15.3.1	Holiday Lake Overflow - Refurbish	40	37					
15.4.1	Water Treatment System - Phase 1	50	49					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	1					
15.4.4	Treatment Plant - Repair	20	21					
15.5.1	Water Mains - Repair	10	9				\$79,736	
15.6.1	Septic Systems - Maintenance	15	5					\$74,405
16.5.1	Generator - Replace	45	5					
TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES				\$180,657	\$35,094	\$18,727	\$82,805	\$157,330
ACCUMULATED CREDITS				\$1,514,706	\$1,547,119	\$1,736,955	\$1,955,007	\$2,119,693
ACCUMULATED DEBITS				\$180,657	\$35,094	\$18,727	\$82,805	\$157,330
YEAR-END BALANCE				\$1,334,049	\$1,512,025	\$1,718,228	\$1,872,202	\$1,962,363

YEARS	1	2-10	11-30	16 (2039)	17 (2040)	18 (2041)	19 (2042)	20 (2043)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	196%	204%	212%	221%	230%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

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LUMMI ISLAND SCENIC ESTATES

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF \$95,000
AND COMPOUND INFLATION

7-Jun-23

STARTING RESERVE BALANCE	\$1,962,363	\$1,866,346	\$1,723,345	\$1,913,958	\$2,195,101
ANNUAL RESERVE CONTRIBUTION	\$208,157	\$216,483	\$225,142	\$234,148	\$243,514
ESTIMATED INTEREST EARNED	\$47,268	\$44,317	\$44,905	\$50,729	\$57,080
SPECIAL ASSESSMENT & LOAN	\$0	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS	\$2,217,788	\$2,127,146	\$1,993,392	\$2,198,835	\$2,495,696

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	21	22	23	24	25
				2044	2045	2046	2047	2048
2.2.1	Corrugated Metal Storm Water System - Contingency	5	2		\$14,233			
2.6.1	Asphalt Pavement - Repair	10	12		\$59,811			
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	7					
2.7.1	Chain Link Fence - Replace	30	10					
2.9.1	Dock Replacement - Design	3	2					
2.9.2	Dock Work - Repair	15	7		\$89,692			
2.9.3	Dock Pilings - Replace	50	2					
2.9.4	Dock Walkway - Install/Replace	10	7					
6.1.1	Clubhouse - Repair Contingency	10	10					
6.1.2	Clubhouse Foundation - Restoration	1	0					
6.1.3	Clubhouse Deck - Repair	15	1					
6.1.4	Clubhouse Culvert - Repair	10	1	\$23,883				
6.1.5	Common Buildings - Repair Contingency	10	5					\$67,280
7.4.1	Sloped Metal Roofs - Replace	40	7					
7.4.2	Low Sloped Roofs - Replace	20	13					
8.3.1	Garage Doors - Replace	20	15					
11.1.1	Backhoe - Replace	25	22		\$240,065			
11.1.2	Truck - Replace	10	1	\$28,254				
11.1.3	Tractor Mower - Replace	20	15					
11.1.4	Road Sweeper - Maintenance	5	4				\$3,734	
15.1.1	Water Meters - Replace	20	7					
15.1.2	PRV Vaults - Maintenance	5	1	\$28,732				
15.1.3	Holiday Lake PRV - Replace	40	35					
15.1.4	Mount Vista Drive PRV - Replace	40	38					
15.1.5	Island Drive PRV - Replace	40	40					
15.2.1	Water Towers - Circulation System	30	23			\$79,434		
15.2.2	Water Towers - Repair	50	2					
15.2.3	Reservoir & Dam - Maintenance	10	11	\$57,511				
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	14					
15.2.5	Clubhouse Water Line - Repair	10	8					
15.3.1	Holiday Lake Overflow - Refurbish	40	37					
15.4.1	Water Treatment System - Phase 1	50	49					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	1					
15.4.4	Treatment Plant - Repair	20	21	\$213,062				
15.5.1	Water Mains - Repair	10	9					
15.6.1	Septic Systems - Maintenance	15	5					
16.5.1	Generator - Replace	45	5					
TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES				\$351,442	\$403,801	\$79,434	\$3,734	\$67,280
ACCUMULATED CREDITS				\$2,217,788	\$2,127,146	\$1,993,392	\$2,198,835	\$2,495,696
ACCUMULATED DEBITS				\$351,442	\$403,801	\$79,434	\$3,734	\$67,280
YEAR-END BALANCE				\$1,866,346	\$1,723,345	\$1,913,958	\$2,195,101	\$2,428,416

YEARS	1	2-10	11-30	21 (2044)	22 (2045)	23 (2046)	24 (2047)	25 (2048)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	239%	248%	258%	269%	279%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

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LUMMI ISLAND SCENIC ESTATES

30-YEAR RESERVE STUDY PROJECTIONS
WITH STARTING RECOMMENDED FUNDING OF \$95,000
AND COMPOUND INFLATION

7-Jun-23

STARTING RESERVE BALANCE	\$2,428,416	\$2,710,153	\$2,754,794	\$3,072,941	\$3,314,098
ANNUAL RESERVE CONTRIBUTION	\$253,254	\$263,385	\$273,920	\$284,877	\$296,272
ESTIMATED INTEREST EARNED	\$63,439	\$67,468	\$71,947	\$78,852	\$85,021
SPECIAL ASSESSMENT & LOAN	\$0	\$0	\$0	\$0	\$0
ACCUMULATED CREDITS	\$2,745,109	\$3,041,007	\$3,100,661	\$3,436,670	\$3,695,391

#	COMPONENT NAME	MAINT. CYCLE	NEXT MAINT.	26 2049	27 2050	28 2051	29 2052	30 2053
2.2.1	Corrugated Metal Storm Water System - Contingency	5	2		\$17,316			
2.6.1	Asphalt Pavement - Repair	10	12					
2.6.2	Asphalt Pavement - Major Repair	40	2					
2.6.3	Asphalt Parking Lot - Overlay	40	7					
2.7.1	Chain Link Fence - Replace	30	10					
2.9.1	Dock Replacement - Design	3	2					
2.9.2	Dock Work - Repair	15	7					
2.9.3	Dock Pilings - Replace	50	2					
2.9.4	Dock Walkway - Install/Replace	10	7		\$34,632			
6.1.1	Clubhouse - Repair Contingency	10	10					\$122,750
6.1.2	Clubhouse Foundation - Restoration	1	0					
6.1.3	Clubhouse Deck - Repair	15	1					
6.1.4	Clubhouse Culvert - Repair	10	1					
6.1.5	Common Buildings - Repair Contingency	10	5					
7.4.1	Sloped Metal Roofs - Replace	40	7					
7.4.2	Low Sloped Roofs - Replace	20	13					
8.3.1	Garage Doors - Replace	20	15					
11.1.1	Backhoe - Replace	25	22					
11.1.2	Truck - Replace	10	1					
11.1.3	Tractor Mower - Replace	20	15					
11.1.4	Road Sweeper - Maintenance	5	4				\$4,543	
15.1.1	Water Meters - Replace	20	7		\$234,265			
15.1.2	PRV Vaults - Maintenance	5	1	\$34,956				
15.1.3	Holiday Lake PRV - Replace	40	35					
15.1.4	Mount Vista Drive PRV - Replace	40	38					
15.1.5	Island Drive PRV - Replace	40	40					
15.2.1	Water Towers - Circulation System	30	23					
15.2.2	Water Towers - Repair	50	2					
15.2.3	Reservoir & Dam - Maintenance	10	11					
15.2.4	Mixer Unit & Storage Tanks - Maintenance	20	14					
15.2.5	Clubhouse Water Line - Repair	10	8			\$27,720		
15.3.1	Holiday Lake Overflow - Refurbish	40	37					
15.4.1	Water Treatment System - Phase 1	50	49					
15.4.2	Water Treatment System - Phase 2	50	1					
15.4.3	Water Treatment System - Phase 3	50	1					
15.4.4	Treatment Plant - Repair	20	21					
15.5.1	Water Mains - Repair	10	9				\$118,029	
15.6.1	Septic Systems - Maintenance	15	5					
16.5.1	Generator - Replace	45	5					

TOTAL ANTICIPATED ANNUAL RESERVE EXPENSES

\$34,956 \$286,213 \$27,720 \$122,572 \$122,750

ACCUMULATED CREDITS

\$2,745,109 \$3,041,007 \$3,100,661 \$3,436,670 \$3,695,391

ACCUMULATED DEBITS

\$34,956 \$286,213 \$27,720 \$122,572 \$122,750

YEAR-END BALANCE

\$2,710,153 \$2,754,794 \$3,072,941 \$3,314,098 \$3,572,641

YEARS	1	2-10	11-30	26 (2049)	27 (2050)	28 (2051)	29 (2052)	30 (2053)
CONTRIBUTION INFLATION	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
COMPONENT COMPOUND INFLATION	9.0%	4.0%	4.0%	291%	302%	314%	327%	340%
INTEREST RATE MULTIPLIER	1.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%



APPENDIX B

LUMMI ISLAND SCENIC ESTATES

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

7-Jun-23

2.2.1 Corrugated Metal Storm Water System - Contingency

Site

Maintenance Cycle: 5 years

Next Maintenance: Year 2 (2025)

Quantity: 1 Lump Sum

Unit Cost: \$5,730.00 / LS

Estimate: \$5,730

This component is added in 2022 and is intended to provide a contingency to maintain the structure of the storm water system and provide funds for modifications as needed. At the time of our site visit in 2022, there were some concerns about the drain leading to the swim lake in need of repair. There was noted to be some rusting of the portion of the drain exposed to water.

FUTURE MAINTENANCE	
YEAR	COST
2 (2025)	\$6,496
7 (2030)	\$7,903
12 (2035)	\$9,615
17 (2040)	\$11,698
22 (2045)	\$14,233
Repeat Every 5 Years	

2.6.1 Asphalt Pavement - Repair

Site

Maintenance Cycle: 10 years

Next Maintenance: Year 12 (2035)

Quantity: 1 Lump Sum

Unit Cost: \$24,080.00 / LS

Estimate: \$24,080

2023 Notes: No new updates were reported.

Previous Notes: The asphalt was in good condition without significant cracking or alligatoring. The budget has been adjusted to fund for asphalt repairs 10 years after the major asphalt repair project, component 2.6.2, that is now set to occur in 2025 with the Clubhouse repair project, component 6.1.1. The Association completed a pavement repair project of the Clubhouse parking area in 2018 at a cost of approximately \$6,000.

FUTURE MAINTENANCE	
YEAR	COST
12 (2035)	\$40,406
22 (2045)	\$59,811

2.6.2 Asphalt Pavement - Major Repair

Site

Maintenance Cycle: 40 years

Next Maintenance: Year 2 (2025)

Quantity: 16,000 Square Feet

Unit Cost: \$5.13 / SF

Estimate: 16,000 SF X 100% X \$5.13/SF = \$82,080 + tax = \$89,140

2023 Notes: No new updates were reported.

Previous Notes: There were no obvious issues with the asphalt pavement noted during the 2022 site visit. The Association reports Rosewood Terrace Pothole Repair was completed in 2022 at a cost of \$5,973. Due to the extensive work planned at the dock, the Association requests that the next maintenance be moved to 2025 to account for any damage that may be cause by heavy machinery. The budget has been adjusted to fund \$75,000 for major repairs to the surface and subgrade, approximately 16,000 sf of paving.

FUTURE MAINTENANCE	
YEAR	COST
2 (2025)	\$101,049

2.6.3 Asphalt Parking Lot - Overlay

Site

Maintenance Cycle: 40 years

Next Maintenance: Year 7 (2030)

Quantity: 14,000 Square Feet

Unit Cost: \$3.83 / SF

Estimate: 14,000 SF X 100% X \$3.83/SF = \$53,620 + tax = \$58,230

2023 Notes: No new updates were reported.

Previous Notes: The Association plans to complete a pavement overlayment at the parking lot adjacent to the Clubhouse but will plan to delay this until 2030 given the dock work involving heavy machinery required in the meantime.

FUTURE MAINTENANCE	
YEAR	COST
7 (2030)	\$80,311



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FUTURE MAINTENANCE WITH INFLATED ESTIMATES

7-Jun-23

2.7.1 Chain Link Fence - Replace

Site

Maintenance Cycle: 30 years

Next Maintenance: Year 10 (2033)

Quantity: 320 Linear Feet

Unit Cost: \$31.25 / LF

Estimate: 320 LF X 100% X \$31.25/LF = \$10,000 + tax = \$10,860

2023 Notes: No new updates were reported.

Previous Notes: The chain link fence was noted to be stable and in good condition. The component funds for repair and/or replacement of chain-link fence sections around the water supply pond. One section of the fencing, closest to the bank below the water towers, needed reinstallation in 2019. Ongoing minor repairs are funded through the operating budget.

FUTURE MAINTENANCE	
YEAR	COST
10 (2033)	\$16,848

2.9.1 Dock Replacement - Design

Site

Maintenance Cycle: 3 years

Next Maintenance: Year 2 (2025)

Quantity: 1 Lump Sum

Unit Cost: \$8,600.00 / LS

Estimate: \$8,600

2023 Notes: No new updates were reported.

Previous Notes: It is the Association's understanding the dock will require redesign, including a new dock walkway, but there is a grace period of 5 years for completion after the pilings are replaced. Since the dock work will be planned for 2030, it is anticipated that the design process will begin in 2025. The component is added in 2022 and acts as a placeholder to budget for the design process as well as the required permitting. This is anticipated to be a one-time cost.

FUTURE MAINTENANCE	
YEAR	COST
2 (2025)	\$9,749

2.9.2 Dock Work - Repair

Site

Maintenance Cycle: 15 years

Next Maintenance: Year 7 (2030)

Quantity: 1 Lump Sum

Unit Cost: \$36,110.00 / LS

Estimate: \$36,110

2023 Notes: No new updates were reported.

Previous Notes: It has come to the attention of the Association that the dock pilings will need to be replaced secondary to significant deterioration. It is the Association's understanding that the dock will require redesign, including a new dock walkway, but this can be completed 5 years after the pilings are replaced. The dock work will be planned for 2030. Previous marina dock repairs were completed in 2019 at a cost of about \$28,550. Rails at the ramp to the Marina were repaired in 2018 at a cost of \$7,755. In 2015 repairs of the marina dock decking and structural beams were completed at a cost of \$12,980.

FUTURE MAINTENANCE	
YEAR	COST
7 (2030)	\$49,803
22 (2045)	\$89,692

2.9.3 Dock Pilings - Replace

Site

Maintenance Cycle: 50 years

Next Maintenance: Year 2 (2025)

Quantity: 1 Lump Sum

Unit Cost: \$138,430.00 / LS

Estimate: \$138,430

2023 Notes: No new updates were reported.

Previous Notes: Bids are still pending, but the anticipated cost of the piling replacement is \$117,060, planned for 2025. The budget provides funds to replace the creosote wood dock pilings with metal pilings. The pilings have been treated and protective HDPE covers were put on the wood pilings for added protection in the recent past.

FUTURE MAINTENANCE	
YEAR	COST
2 (2025)	\$156,924



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COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

7-Jun-23

2.9.4 Dock Walkway - Install/Replace

Site

Maintenance Cycle: 10 years

Next Maintenance: Year 7 (2030)

Quantity: 1 Lump Sum

Unit Cost: \$11,460.00 / LS

Estimate: \$11,460

2023 Notes: No new updates were reported.

Previous Notes: This is a new component added in 2022 to act as a placeholder to provide funds for major replacement and installation of a new dock walkway that will be required in 2030 as part of the dock work redesign and piling replacement. This is anticipated to be a one-time expense for installation in 2030 and then to provide funds for repair to be drawn from as needed.

FUTURE MAINTENANCE	
YEAR	COST
7 (2030)	\$15,806
17 (2040)	\$23,396
27 (2050)	\$34,632

6.1.1 Clubhouse - Repair Contingency

Ext Envelope

Maintenance Cycle: 10 years

Next Maintenance: Year 10 (2033)

Quantity: 1 Lump Sum

Unit Cost: \$36,110.00 / LS

Estimate: \$36,110

2023 Notes: No new updates were reported.

Previous Notes: The interior Clubhouse was noted to be in good condition. The deck is in need of replacement and this is planned with the Foundation Restoration project, component 6.1.2. The budget provides funds for major repairs and upgrades to the interior and exterior of the Clubhouse building, including siding and decking repairs. Given the major foundation project, the next maintenance is reset. Minor repairs are completed on an ongoing basis and paid with funds from the operating budget, which included pressure washing, cleaning gutters, painting the Clubhouse deck. The chimney was repaired in 2017 at a cost of \$3,011. In 2018, new tables and chairs were purchased for \$2,500. In early 2019 the Clubhouse door was replaced at a cost of \$6,170.

FUTURE MAINTENANCE	
YEAR	COST
10 (2033)	\$56,021
20 (2043)	\$82,925
30 (2053)	\$122,750

6.1.2 Clubhouse Foundation - Restoration

Ext Envelope

Maintenance Cycle: 1 year

Next Maintenance: Year 0 (2023)

Quantity: 1 Lump Sum

Unit Cost: \$190,000.00 / LS

Estimate: \$190,000

2023 Notes: The Association reports a change in the scope of the project as the foundation will require repair only. The project will no longer include culvert or deck work and these will be funded through new components. The Special Assessment of \$171,325 will cover most of the \$190,000 estimated cost. This component will be changed to an inspection component in future studies. The Clubhouse deck will be addressed separately in 2024 and a new component, 6.1.3 is added to budget for this.

Previous Notes: Geological and structural reports have recommended that the foundation and deck be remedied within the next 2 years. The Association has approved a Special Assessment of \$271,150 to fund this project to include foundation restoration, deck replacement and culvert replacement. This will be paid over 2 years, with approximately 3/4 of the funds assessed in 2023 and the remaining 1/4 in 2024.

FUTURE MAINTENANCE	
YEAR	COST
0 (2023)	\$190,000

6.1.3 Clubhouse Deck - Repair

Ext Envelope

Maintenance Cycle: 15 years

Next Maintenance: Year 1 (2024)

Quantity: 1 Lump Sum

Unit Cost: \$80,000.00 / LS

Estimate: \$80,000

2023 Notes: This component is added in 2023 to budget for repair of the Clubhouse deck. This was originally to be addressed with the Clubhouse foundation repair. The Association estimates the cost of the repair to be \$80,000 and plans the next maintenance to occur in 2024.

This component funds for the Clubhouse Deck repairs and replacement. The maintenance cycle is set to 15 years.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	\$87,200
16 (2039)	\$157,042



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FUTURE MAINTENANCE WITH INFLATED ESTIMATES

7-Jun-23

6.1.4 Clubhouse Culvert - Repair

Ext Envelope

Maintenance Cycle: 10 years

Next Maintenance: Year 1 (2024)

Quantity: 1 Lump Sum

Unit Cost: \$10,000.00 / LS

Estimate: \$10,000

2023 Notes: This component is added in 2023 to budget for repair of the Clubhouse culvert. This was originally to be addressed with the Clubhouse foundation repair. The Association estimates the cost of the repair to be \$10,000 and plans the next maintenance to occur in 2024.

FUTURE MAINTENANCE

YEAR	COST
1 (2024)	\$10,900
11 (2034)	\$16,135
21 (2044)	\$23,883

This component budgets for repair of the Clubhouse culvert. The maintenance cycle is set to 10 years and is intended to be drawn from as needed.

6.1.5 Common Buildings - Repair Contingency

Ext Envelope

Maintenance Cycle: 10 years

Next Maintenance: Year 5 (2028)

Quantity: 1 Lump Sum

Unit Cost: \$24,080.00 / LS

Estimate: \$24,080

2023 Notes: No new updates were reported.

FUTURE MAINTENANCE

YEAR	COST
5 (2028)	\$30,706
15 (2038)	\$45,452
25 (2048)	\$67,280

Previous Notes: The common buildings appeared to be in good condition. As no repairs are anticipated, the next maintenance is set to 2028 at the request of the Association. The repair contingency allows for major repairs and upgrades of the interior and exterior of the Cabana, the offices/treatment plant building, the supply shed, and the maintenance building. The Association plans to move the Pump House with the next system upgrade. Ongoing minor repairs are funded through the operation budget.

7.4.1 Sloped Metal Roofs - Replace

Ext Envelope

Maintenance Cycle: 40 years

Next Maintenance: Year 7 (2030)

Quantity: 33 Roofing Squares

Unit Cost: \$1,060.05 / SQ

Estimate: 33 SQ X 100% X \$1,060.05/SQ = \$34,982 + tax = \$37,990

2023 Notes: No new updates were reported.

FUTURE MAINTENANCE

YEAR	COST
7 (2030)	\$52,396

Previous Notes: There were no issues noted or reported with the sloped metal roofs and they are noted to be weathering as expected at the time of the site visit in 2022. The component establishes a budget to replace the metal roofing on the common buildings, including the cabana, the office/treatment plant building, the supply shed, and the maintenance building.

7.4.2 Low Sloped Roofs - Replace

Ext Envelope

Maintenance Cycle: 20 years

Next Maintenance: Year 13 (2036)

Quantity: 17 Roofing Squares

Unit Cost: \$1,475.46 / SQ

Estimate: 17 SQ X 100% X \$1,475.46/SQ = \$25,083 + tax = \$27,240

2023 Notes: No new updates were reported.

FUTURE MAINTENANCE

YEAR	COST
13 (2036)	\$47,537

Previous Notes: There were no issues noted and the roofs appeared to be weathering well at the time of the 2022 site visit. The budget provides funds to replace the roof at the end of its typical useful life. The Clubhouse roof was replaced in 2016 at a cost of \$18,213.



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FUTURE MAINTENANCE WITH INFLATED ESTIMATES

7-Jun-23

8.3.1 Garage Doors - Replace

Ext Envelope

Maintenance Cycle: 20 years

Next Maintenance: Year 15 (2038)

Quantity: 3 Each

Unit Cost: \$1,878.45 / EA

Estimate: 3 EA X 100% X \$1,878.45/EA = \$5,635 + tax = \$6,120

2023 Notes: No new updates were reported.

Previous Notes: There were no issues noted with the common building garage doors. The budget provides funds to replace three overhead garage doors per maintenance cycle. In 2017, the overhead garage doors of the maintenance shed were replaced at a cost of \$4,265.

FUTURE MAINTENANCE	
YEAR	COST
15 (2038)	\$11,552

11.1.1 Backhoe - Replace

Equipment

Maintenance Cycle: 25 years

Next Maintenance: Year 22 (2045)

Quantity: 1 Each

Unit Cost: \$88,996.32 / EA

Estimate: 1 EA X 100% X \$88,996.32/EA = \$88,996 + tax = \$96,650

2023 Notes: No new updates were reported.

Previous Notes: There were no issues reported with the backhoe that was purchased in 2019 at a cost of about \$85,000; the old backhoe was sold for approximately \$3,000. The new backhoe was reported to be functioning well.

FUTURE MAINTENANCE	
YEAR	COST
22 (2045)	\$240,065

11.1.2 Truck - Replace

Equipment

Maintenance Cycle: 10 years

Next Maintenance: Year 1 (2024)

Quantity: 1 Each

Unit Cost: \$10,893.19 / EA

Estimate: 1 EA X 100% X \$10,893.19/EA = \$10,893 + tax = \$11,830

2023 Notes: No new updates were reported.

Previous Notes: The current truck is reported to be overall working well despite some maintenance issues in the past. The budget provides funds to replace the current work truck with an upgraded model, such as a Ford F250, once the current work truck has reached the end of useful life. The Association indicated that the replacement is not a high priority at this time, so the next replacement has been moved out to 2024 at which time there is consideration to leasing a truck instead of purchasing a new one. The estimated cost has been updated to \$10,000 accordingly.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	\$12,895
11 (2034)	\$19,087
21 (2044)	\$28,254

11.1.3 Tractor Mower - Replace

Equipment

Maintenance Cycle: 20 years

Next Maintenance: Year 15 (2038)

Quantity: 1 Each

Unit Cost: \$11,077.35 / EA

Estimate: 1 EA X 100% X \$11,077.35/EA = \$11,077 + tax = \$12,030

2023 Notes: No new updates were reported.

Previous Notes: No issues were noted with the tractor mower. The budget provides funds to replace the tractor and sweeper attachment when the equipment has been in service about 20 years. In 2018 the tractor mower was replaced with a John Deere X570 model. A road sweeper attachment was purchased at the same time.

FUTURE MAINTENANCE	
YEAR	COST
15 (2038)	\$22,707



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FUTURE MAINTENANCE WITH INFLATED ESTIMATES

7-Jun-23

11.1.4 Road Sweeper - Maintenance

Equipment

Maintenance Cycle: 5 years

Next Maintenance: Year 4 (2027)

Quantity: 1 Lump Sum

Unit Cost: \$1,390.00 / LS

Estimate: \$1,390

2023 Notes: No new updates were reported.

Previous Notes: A new sweeper attachment was purchased along with the John Deere X570 mower in 2018. This component provides funds to periodically replace the brushes. As there are no current issues with the sweeper brushes, the next maintenance is reset.

FUTURE MAINTENANCE	
YEAR	COST
4 (2027)	\$1,704
9 (2032)	\$2,074
14 (2037)	\$2,523
19 (2042)	\$3,069
24 (2047)	\$3,734
Repeat Every 5 Years	

15.1.1 Water Meters - Replace

Life Safety

Maintenance Cycle: 20 years

Next Maintenance: Year 7 (2030)

Quantity: 218 Each

Unit Cost: \$327.44 / EA

Estimate: 218 EA X 100% X \$327.44/EA = \$71,382 + tax = \$77,520

2023 Notes: No new updates were reported.

Previous Notes: There were no reported issues with the water meters and they appeared to be functioning as expected. The budget provides funds to replace water meters and the water meter computer. The Association reported water meter repairs in December of 2018 at a cost of about \$8,000. The Association has approximately 30 water meters on hand for replacement; the meters were purchased in 2011.

FUTURE MAINTENANCE	
YEAR	COST
7 (2030)	\$106,915
27 (2050)	\$234,265

15.1.2 PRV Vaults - Maintenance

Life Safety

Maintenance Cycle: 5 years

Next Maintenance: Year 1 (2024)

Quantity: 1 Lump Sum

Unit Cost: \$12,030.00 / LS

Estimate: \$12,030

2023 Notes: No new updates were reported.

Previous Notes: There were no issues reported with the PRV vault. The Association reported monitoring the valve vault enclosing the pressure reducing valve (PRV) located near Holiday Lake with no changes noted in 2020. This component allows for repairing and maintaining the valve vaults for all of the PRV's throughout the Association.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	\$13,113
6 (2029)	\$15,954
11 (2034)	\$19,410
16 (2039)	\$23,615
21 (2044)	\$28,732
Repeat Every 5 Years	

15.1.3 Holiday Lake PRV - Replace

Life Safety

Maintenance Cycle: 40 years

Next Maintenance: Year 35 (2058)

Quantity: 1 Lump Sum

Unit Cost: \$18,060.00 / LS

Estimate: \$18,060

2023 Notes: No new updates were reported.

Previous Notes: There were no issues reported with the PRV at Holiday Lake. The budget provides funds for replacing the pressure reducing valve (PRV) located near Holiday Lake. The valve was replaced in 2018. While the next replacement does not fall in the scope of the study, it is included in the study accurately calculate the fully funded balance.

FUTURE MAINTENANCE	
YEAR	COST



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COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

7-Jun-23

15.2.3 Reservoir & Dam - Maintenance

Life Safety

Maintenance Cycle: 10 years

Next Maintenance: Year 11 (2034)

Quantity: 1 Lump Sum

Unit Cost: \$24,080.00 / LS

Estimate: \$24,080

2023 Notes: Inspection of the 2 dams revealed several items that require remedial actions. The Association expects to complete an elevation survey, installation of the settlement monuments and installation of a staff gauge for Holiday Lake Dam in 2023. The expected cost of these remediations is \$20,000 in 2023. Additionally, the Association anticipates \$25,000-\$30,000 additional cost in 2024 for other remediations. The next maintenance is set to occur 10 years after the completed remediations in 2024.

FUTURE MAINTENANCE

YEAR	COST
11 (2034)	\$38,852
21 (2044)	\$57,511

Previous Notes: The Association reports no issues with the reservoir or the dam and is awaiting a WA Department of Ecology report with recommendations. The budget provides funds to keep the reservoir and dam functioning properly in accordance with state regulations. The Association reported in 2016 that they are maintaining the reservoir and dam properly and in compliance with the WA Department of Ecology. An abutment was installed around 2005.

15.2.4 Mixer Unit & Storage Tanks - Maintenance

Life Safety

Maintenance Cycle: 20 years

Next Maintenance: Year 14 (2037)

Quantity: 1 Lump Sum

Unit Cost: \$30,100.00 / LS

Estimate: \$30,100

2023 Notes: No new updates were reported.

FUTURE MAINTENANCE

YEAR	COST
14 (2037)	\$54,629

Previous Notes: The Association reports that one mixer unit was replaced in 2022 at a cost of \$6,000. There are no other issues reported. The budget provides funds to maintain the storage tanks and mixer unit to keep the system functioning properly at all times. In 2016, the storage tank mixer was installed at a cost of approximately \$30,000.

15.2.5 Clubhouse Water Line - Repair

Life Safety

Maintenance Cycle: 10 years

Next Maintenance: Year 8 (2031)

Quantity: 1 Lump Sum

Unit Cost: \$8,820.00 / LS

Estimate: \$8,820

2023 Notes: No new updates were reported.

FUTURE MAINTENANCE

YEAR	COST
8 (2031)	\$12,651
18 (2041)	\$18,727
28 (2051)	\$27,720

Previous Notes: There were no reported issues with the clubhouse water line at the time of the site visit. The Association replaced the clubhouse water line in 2021 at a cost of \$7,638. This component funds for future repairs to the water line. The budget has been adjusted based on experienced costs.

15.3.1 Holiday Lake Overflow - Refurbish

Life Safety

Maintenance Cycle: 40 years

Next Maintenance: Year 37 (2060)

Quantity: 1 Lump Sum

Unit Cost: \$9,390.00 / LS

Estimate: \$9,390

2023 Notes: No new updates were reported.

FUTURE MAINTENANCE

YEAR	COST
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Previous Notes: There were no issues reported with the Holiday Lake Overflow and the area appeared clean and free of debris. The maintenance was completed in 2020 for a cost of \$7,935. The overflow consists of a 4-foot galvanized pipe that runs through the dam and allows water into the spillway and out to Aiston Creek.



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7-Jun-23

15.4.1 Water Treatment System - Phase 1

Life Safety

Maintenance Cycle: 50 years

Next Maintenance: Year 49 (2072)

Quantity: 1 Lump Sum

Unit Cost: \$77,930.00 / LS

Estimate: \$77,930

2023 Notes: No new updates were reported.

Previous Notes: LISECC has experienced an issue with the raw water turbidity increasing, leading to problems with the treatment process and providing finished water that exceeds the State-mandated turbidity levels. Turbidity is the measure of the relative clarity of water and is considered an important factor in water quality. LISECC is working with the Department of Health to develop a Small Water System Management Plan. Phase 1 includes costs for this plan and an engineering report. Thus far, \$59,372.75 have been paid to Wilson Engineering. At least \$9,700 more is anticipated during the 2022 fiscal year. Additional funds will be needed if an environmental report and USDA-RS application are required.

FUTURE MAINTENANCE	
YEAR	COST

15.4.2 Water Treatment System - Phase 2

Life Safety

Maintenance Cycle: 50 years

Next Maintenance: Year 1 (2024)

Quantity: 1 Lump Sum

Unit Cost: \$406,000.00 / LS

Estimate: \$406,000

2023 Notes: The Association did obtain a DWSRF loan for \$405,960 in November of 2021. They have just started drawing from the loan and to date, have made 2 withdrawals totalling \$27,451. The Association reports that the preconstruction design phase of the treatment plant is expected to be completed in June of 2024 for an estimated \$297,752. The budget has been adjusted to provide funds in 2024 since that is where a majority of the cost will occur. The cost is also updated.

Previous Notes: The Association expects for this replacement to be completed through a \$406,000 loan. The budget has been adjusted to provide funds in 2022. A special assessment/loan is shown in 2023 in the amount of \$406,000 to cover the anticipated expenses. As part of the Small Water System Management Plan discussed above, preliminary estimates for modifications to the water treatment facility have been provided. This budget is intended to be a placeholder to help financially prepare the Association for anticipated expenses. The exact costs and extent of work needed is not yet known. The Association anticipates completing Phase 2 in 2023.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	\$442,540

15.4.3 Water Treatment System - Phase 3

Life Safety

Maintenance Cycle: 50 years

Next Maintenance: Year 1 (2024)

Quantity: 1 Lump Sum

Unit Cost: \$1,385,000.00 / LS

Estimate: \$1,385,000

2023 Notes: The Association plans to begin the project in the summer of 2024. They plan to apply for a USRA-RD loan in August/September 2023, pending membership approval for the loan. The estimated amount for this project is \$1,500,000 in 2024 and is based on an assessment from Wilson Engineering. The budget has been adjusted to provide funds in 2024 and the cost has been updated.

Previous Notes: The Association expects for this replacement to be completed through a \$1,200,000 USDA loan, though confirmation is pending. The budget has been adjusted to provide funds in 2024. A special assessment/loan is shown in 2024 in the amount of \$1,200,000 to cover the anticipated expenses and work is planned to be completed in 2024.

FUTURE MAINTENANCE	
YEAR	COST
1 (2024)	\$1,509,650

15.4.4 Treatment Plant - Repair

Life Safety

Maintenance Cycle: 20 years

Next Maintenance: Year 21 (2044)

Quantity: 1 Lump Sum

Unit Cost: \$89,210.00 / LS

Estimate: \$89,210

2023 Notes: No new updates were reported.

Previous Notes: The treatment plant appeared to be functioning well and there were no reported issues. The last maintenance was completed in 2020 for a cost of \$75,444. The next maintenance year has been moved to 2044 as treatment plant repairs will not be necessary until 20 years after the upcoming water treatment system replacement. Monitoring units were replaced in 2018 at a cost of \$7,840.

FUTURE MAINTENANCE	
YEAR	COST
21 (2044)	\$213,062



APPENDIX B

LUMMI ISLAND SCENIC ESTATES

COMPONENT SUMMARY

FUTURE MAINTENANCE WITH INFLATED ESTIMATES

7-Jun-23

15.5.1 Water Mains - Repair

Life Safety

Maintenance Cycle: 10 years

Next Maintenance: Year 9 (2032)

Quantity: 17,849 Lump Sum

Unit Cost: \$36,110.00 / LS

Estimate: \$36,110

2023 Notes: No new updates were reported.

Previous Notes: The Association reported completion of the maintenance during the 2022 fiscal year. The Association reported replacing 18 blow off valves at a cost of about \$1,000 each and other repairs at an estimated cost of \$22,000, for a total cost of \$30,000 in 2020. The maintenance cycle is reset.

FUTURE MAINTENANCE	
YEAR	COST
9 (2032)	\$53,867
19 (2042)	\$79,736
29 (2052)	\$118,029

15.6.1 Septic Systems - Maintenance

Life Safety

Maintenance Cycle: 15 years

Next Maintenance: Year 5 (2028)

Quantity: 2 Each

Unit Cost: \$14,917.13 / EA

Estimate: 2 EA X 100% X \$14,917.13/EA = \$29,834 + tax = \$32,400

2023 Notes: No new updates were reported.

Previous Notes: No issues were reported. The septic system was inspected in 2022 with no recommendations. The component provides funds for the Clubhouse and Cabana septic system maintenance.

FUTURE MAINTENANCE	
YEAR	COST
5 (2028)	\$41,315
20 (2043)	\$74,405

16.5.1 Generator - Replace

Life Safety

Maintenance Cycle: 45 years

Next Maintenance: Year 5 (2028)

Quantity: 1 Each

Unit Cost: \$17,117.00 / EA

Estimate: 1 EA X 100% X \$17,117.00/EA = \$17,117 + tax = \$18,590

2023 Notes: No new updates were reported.

Previous Notes: The Association reports no issues with the generator and maintenance has been performed on site. The budget provides funds to replace the 25kw generator. The generator is insured for \$12,000.

FUTURE MAINTENANCE	
YEAR	COST
5 (2028)	\$23,705